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SUMMARY RECORD OF THE 22nd MEETING

Held at the Palais des Nations, Geneva,
on Wednesday, 6 June 1990, at 3 p.m.

President: Mr. POPESCU (Romania)

later: Mr. MORALES CARBALLO (Cuba)

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Programme implementation (continued)

(a) Annual report of the Administrator for 1989 (continued)

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The meeting was called to order at 3 p.m.

PROGRAMME IMPLEMENTATION (agenda item 4) (continued)

(a) ANNUAL REPORT OF THE ADMINISTRATOR FOR 1989 (DP/1990/17 and Add.1-6) (continued)

1. Mr. WYSS (World Bank) said that UNDP was the primary source of grant technical assistance funding within the international community. He recalled that projects financed by the World Bank were always executed by the recipient countries in order to build national capacity. The Governments or agencies responsible for execution might not always command the necessary technical and managerial skills so that there might be a gap between what the Government was capable of doing and what actually needed to be done to execute the project. The nature and extent of the gap normally determined the types and levels of advisory and backstopping services required and the commensurate level of support costs. The technical assistance provided was built into the loans as separate and identifiable components. Those components had averaged, in total, about $1 billion in each of the previous five years. In the case of UNDP-financed projects, specialized agencies, including the World Bank, had, broadly speaking, acted as consultants.

2. As projects became more complex because of the nature of the development process, the nature and size of those gaps and the types of technical assistance required to fill them would also change. That suggested that giving Governments the responsibility for project execution was not a panacea. It must therefore be emphasized that, if national capacity building was to be accelerated, execution by recipient Governments would continue to require carefully calibrated backstopping by consultants or specialized agencies.

3. Furthermore, UNDP, like the International Development Association (IDA), funded its activities out of contributions made by donors. The procedures for preparing, appraising, negotiating, implementing and supervising IDA credits were exactly the same as those governing IBRD loans. The survival of IDA depended very much on retaining the trust of its donors. Likewise, in order to maintain its primacy in the field of technical assistance, UNDP was duty-bound to demonstrate its fiduciary responsibilty towards its donors.

4. Turning to the question of support costs, he said that the World Bank had carefully examined the various options suggested by the Expert Group in its report (DP/1990/9). As had already been said, the costs and benefits of those options were not clearly laid out in the report. Further consideration would appear to be appropriate before a final decision was made. From the perspective of the Bank as a major financial institution, the current system of fixed support costs (option IV) had the distinct advantage that it was unambiguous and could be applied uniformly. With some adjustments, the major inadequacies of the current system could be remedied. The other options were extremely complex and would almost certainly result in an increasingly cumbersome administration.

5. The Bank equally recognized the advantages of a flexible support cost system that would fully reimburse the executing agency for services rendered. However, a properly designed and efficiently implemented costing formula needed to be defined in parallel with an opening of the current tripartite arrangement to the competitive forces of the market. Such competition would,

in the long run, bring efficiency and economy to all. It must, however, be recognized that, when Governments negotiated contracts for technical assistance, there was often a substantial delay which would be likely to detract from national capacity and lead to further delays in start-up activities.

6. If the current fee structure was to be replaced, the Bank would hope that the new régime would be accompanied by special guidelines and safeguards which would establish cost patterns for different categories or clusters of services (project preparation, reviewing the work of consultants, training activities, special studies, etc.). The World Bank also strongly supported the principle that a new support cost régime should be universally applied.

7. There had been considerable discussion on the importance of capacity building in member countries and he was pleased to be able to inform the Council that UNDP, the African Development Bank and the World Bank had recently created the African Capacity Building Initiative. Its key objectives included the building of a critical mass of professional African policy analysts, economic managers and institutions to provide wider local training in policy analysis and management. The Executive Directors of the World Bank had endorsed the initiative and had approved a Bank contribution of 15 per cent of its funding. The Bank had called a donors' conference to raise $100 million to fund the Initiative for an initial four-year period. If the Initiative proved successful, a permanent source of funding would be sought.

8. Generally speaking, the developing countries lacked knowledge and expertise in the use of modern techniques of financial risk management. With the assistance of the UNDP Interregional Project, the Bank was now able to transfer asset and liability management technology to selected groups in the public and private sectors, drawing on its own experience. The goal was the training and continued support of local core teams of specialists. The reception of the programme had been enthusiastic and training activities had already begun in Brazil, Chile, Ghana, India, Hungary, Turkey, Tunisia and Pakistan.

9. Mr. STRONG (United Nations Conference on Environment and Development) said that while the relationship between environment and development had been well articulated by the Stockholm Conference in 1972, little progress had yet been made in moving from the conceptual level to the levels at which the environment-development relationship must become functional in economic, fiscal and sectoral policies as well as in their implementation. Neither environmentalists nor environment ministries could themselves protect and improve the environment. The policies and actions which determined the quality of the environment were in the hands of the development decision-makers, including those at the grass-roots level. Those were the prime factors and they could not afford to ignore the environment for it was one of the primary resources on which economic development depended and the state of the environment was in turn one of the principal products of the development process.

10. He was greatly encouraged at the lead UNDP was taking in supporting a wide variety of programmes and projects which would give effect in very practical ways to the relationship between environment and development. Although the environment-development issues on the agenda of Eco '92 were viewed in their global context, it was at the national level where they must

primarily be addressed in practical terms. He was therefore grateful to the Administrator for inviting UNDP resident representatives to become representatives of the Conference Secretariat in their countries of assignment. In that respect, UNDP was also in a position to assist non-governmental organizations in their preparations for the Conference at the country level.

11. The Sustainable Development Network was also an extremely encouraging initiative which offered an invaluable means of providing support for the co-operative activities at the national level that would contribute to the achievement of a sustainable balance between environment and development. He appreciated the opportunity of co-operating with UNDP in establishing the Global Electronic Network and integrating it with the Sustainable Development Network. That would facilitate access by developing countries to information concerning preparations for the 1992 Conference.

12. Preparations for the Conference at the regional level were also of great importance as they reinforced the national preparatory process. The ECE region conference, held recently in Bergen, illustrated the value of examining the issues in a regional perspective. It had also provided an innovative example of participation of important non-governmental organizations in open and direct inter-action with government representatives. Their full participation was indispensable as they were effective instruments for creating public awareness of the problems, thus providing the basis for political will that was the key to action. The Bergen conference had revealed clearly the existing limits of political will on the part of a number of States of the ECE region. The importance and difficulty of the challenge faced on the road to the 1992 Conference had thus been defined clearly.

13. The central point at issue was how developing countries would obtain the new resources they would require to enable them to incorporate the environmental dimension into their national development policies and practices. Achieving an agreement on the issue would be the key to the success of the Conference. In the meantime, those steps which were both urgent and possible should be taken, such as the Global Environmental Facility which the World Bank was preparing to establish, in co-operation with UNDP and UNEP, and an agreement on funding the needs of developing countries in implementing the provisions of the Montreal Protocol.

14. He was concerned at the tendency on the part of some countries to focus their attention primarily on such global risks as those of climate change and ozone depletion. Such issues were, of course, extremely critical but it was important not to divert attention from other critical issues of more immediate urgency in developing countries, including endemic poverty, water-borne disease, desertification, the massive loss of soil and forests, the urban explosion and primary health care requirements, educational and social services and food security. Those were the real and immediate threats to the survival and well-being of most of the world's peoples. They must accordingly be seen by industrialized countries as inextricably related to the larger global risks. So that developing countries could join in ensuring the common environmental security, it was essential that they should be assisted in their struggle against poverty and underdevelopment.

15. One of the most important tasks of the Preparatory Committee of the Conference would be to define in more explicit terms the new and additional financial resources needed by the developing countries. In the early stages,

the priorities of those countries were likely to be concentrated in areas such as developing human resources and strengthening their capacity to evaluate and define their own needs as well as projects and programmes to which the international community could respond. That was an area within the mandate of the mission of UNDP.

16. Mr. SAOUMA, (Director General, Food and Agricultural Organization of the United Nations) said that support costs successor arrangements posed serious questions about the future nature and scope of United Nations operational activities. What was at stake was not only support cost reimbursement to executing agencies but multinational technical co-operation itself or, in other words, the preservation of the fundamental characteristics of the United Nations development system, including its multinational character, its political neutrality and objectivity, its non-profit motive, its capacity to adjust to government policies and priorities and to mobilize expertise from all parts of the world. Those advantages would be irreparably lost if the functions and capacities of agencies were weakened by their progressive marginalization from the technical co-operation process. Any new arrangements must preserve and strengthen those valuable attributes while obviously maintaining flexibility to adjust to changes required by a world undergoing rapid evolution. For its part, FAO had always tried to adapt itself to emerging needs, to new requirements for co-operation and to more effective modes of operation. It had always endeavoured to improve its performance. Far from objecting to changes, FAO had always attempted to anticipate them for the benefit of its member States and it remained firmly committed to taking the necessary steps to improve the coherence, quality and impact of its operational activities and to enhance their cost effectiveness. It was convinced that the quest for better quality was best achieved in close collaboration with all its partners. That was why FAO reaffirmed the continued validity of the principle of partnership, as laid down in the 1970 Consensus, which remained the corner-stone for maintaining the multinational nature of United Nations operational activities while outlining clearly the rules and functions of the different organizations in order to avoid expensive duplication.

17. Unfortunately there was a growing possibility that the partnership might be progressively weakened and the Consensus stripped of its content for the proposals before the Council would dismantle the current tripartite relationship and make UNDP the funding source, central co-ordinator and major implementing agent of its own programmes. The specialized agencies would be reduced to providing advice and producing analyses when requested. Though lacking the required technical expertise, UNDP would manage programmes and projects. Technical co-operation would in essence become a financial transfer, without much substantive content. He sincerely hoped that that was not what member States expected from a multilateral system. Furthermore, it went without saying that UNDP would then seek to build up new administrative and technical capacity, an expensive process that would merely duplicate the capacity already available in the agencies.

18. A major thrust of the proposed new arrangements for the fifth cycle would be the further encouragement of national execution by recipient countries; FAO fully supported that goal. In fact, it had actively promoted efforts in that direction. FAO knew from experience however that there were significant differences in national execution among individual developing countries and within individual sectors. The fixing of an arbitrary date for the

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introduction of exclusive Government execution was both impractical and unreal. Moreover, Governments should be able to continue to have direct and ready access to the accumulated experience and capacities of the agencies of the United Nations system. Some of the proposals put forward would simply deprive the agencies of their role in favour of UNDP and the consequence would be an increase in the latter's administrative expenses. In that connection, it was worth noting that administrative and programme support expenditures, as a proportion of total UNDP field programme delivery, had risen by some 60 per cent in 10 years and currently accounted for well over 20 per cent of actual delivery.

19. A key aspect of the new arrangements would be to promote a "programme approach". Agencies would be encouraged to intensify their upstream work and the cost of such activities would be met from a special facility centrally administered by UNDP. The idea of intensifying such upstream work was fully in line with the conclusions of a recent major review exercise conducted by FAO's governing bodies, and reflected an upward surge in that type of activity which was already under way as far as FAO was concerned. FAO therefore hoped that UNDP would associate the agencies more closely than in the past with programming exercises such as round tables and NATCAPs and facilitate their access to existing financial windows like the Project Development Facility. So far, there had been little evidence to that effect. The collective demand for technical support services was to be assessed two or three years ahead and, as funds would be limited, agencies would have to compete for a share. The question arose as to how such demand would be assessed and quantified and of whether recipient countries would be interested in requesting that type of assistance under the proposed mechanism. In the absence of a clear reply to those questions, it was very difficult to judge the usefulness of the proposed approach.

20. The programme approach appeared to go hand in hand with the reduction envisaged for the role of agencies in direct project execution. But it must be borne in mind that the technical and administrative capacity of the specialized agencies had been built up over the years and at great cost and that their field operations enabled the agencies to enhance their regular programmes and, in turn, improve their ability to provide sound policy and technical advice to countries. Without field operations, the agencies would become less relevant and would lose their capacity to respond to the real development needs of recipient countries.

21. It had been recommended that the administrative costs of project support services for the fifth programming cycle be included in individual project budgets, the technical services provided by the specialized agencies then being financed in part by centrally managed funds. That assumed that the techical and administrative costs could be treated separately. In reality, administrative costs of project support were in most cases inextricably linked to the technical content of that support. Furthermore, as a significant share of project support was currently provided out of agency regular budgets, the increased costs of such an approach to recipient countries' IPFs would require careful scrutiny.

22. The idea of using institutions outside the United Nations system to implement UNDP-funded activities deserved closer consideration. The specialized agencies already availed themselves of that possibility and were ready to do more in that direction. It would, however, be detrimental to

recipient countries if UNDP were to seek such services directly, without recourse to the specialized agencies which had access to a much greater range of experts and suppliers than most consulting firms as well as to a unique technical monitoring and backstopping capacity, due to their substantive Headquarters' structures. Moreover, as those agencies were keen to maintain a long-term development perspective in their field activities, they attached considerable importance to such dimensions as the promotion of human resources and training to enhance self-reliance in recipient countries. A profit-oriented entity would be much less motivated in that respect. It would therefore be inappropriate to place the specialized agencies and private firms on an equal footing.

23. No attempt had been made to quantify the financial and organizational implications of the proposals under consideration. But the amounts in question were very significant about $150 million to $200 million per year, if the support costs reimbursed by UNDP were added to the contributions already provided by the regular budgets of the specialized agencies. For FAO alone, some 400 technical and administrative posts assigned to UNDP project support would be affected, and lay-offs of staff entitled to separation indemnities could cost $40 million, not to mention the considerable human problems that would create. If such important measures were to be taken, they must be agreed upon by all parties concerned. As the current system remained in effect until January 1992, there was no valid reason to bypass the governing bodies of the agencies directly affected. On numerous occasions, those agencies had requested, in vain however, that other proposals should be considered in depth, including those that they had submitted jointly, before taking any decision.

24. A number of member States had proposed that a "framework decision" should be taken at that juncture, which would provide general policy orientation, pending the elaboration of precise arrangements. If the Governing Council pursued that proposal, such a framework decision might be considered only as a working hypothesis. It could request the Administrator and the specialized agencies to examine in detail the implications and modus operandi of the decision and submit a joint proposal in February 1991, if necessary with alternatives. Only then could a final decision be taken on an assured basis. It would also be necessary to provide for a reasonable transition period, for example five years, as had been agreed when the present system was adopted. Lastly, it was essential to specify how and to which organizations the new arrangements would apply. Tailoring them to affect only a few agencies might once again be prejudicial to the provisions of the Consensus.

25. Those considerations were submitted with the intention of paving the way to a solution acceptable for all. Such a solution would be better than the current proposals and would ensure adequate technical and administrative support for the operational activities of the United Nations system, share equitably the support costs between funding organizations and specialized agencies and provide stable and predictable support to projects and programmes. Without such a solution, the operational activities of the system as a whole might well sustain irreparable damage.

26. Mr. RICUPERO (Brazil) said that notwithstanding the winds of democracy that had swept the world in 1989, the developing countries had continued to face enormous economic hardship. Although openness and interdependence had become the watchwords in international relations, attempts to impose stricter

controls on aid to the third world seemed to confirm the assertion that the international community was less inclined to co-operate. Forty years after the launching of the United Nations technical co-operation programme, that state of affairs could not fail to cause concern. His delegation wondered what would become of the developing countries, in particular the highly indebted ones, and whether they would continue to feel the effects of the negative legacy of the 1980s. The adoption by those countries of structural adjustment programmes, intended primarily to eliminate macro-economic imbalances, had caused a general deterioration in the health, education and standard of living of the population. As recognized in the Declaration adopted by the recent special session of the General Assembly on international economic co-operation, the revitalization of economic growth and development in the developing countries was the most important challenge of the 1990s.

27. Technical co-operation could, in fact, be an effective means of stimulating economic recovery. But to that end, it must continue to promote self-reliance in the developing countries and must be in accordance with their policies and priorities. It must not be attached to conditions or hinder the transfer of know-how, in particular of a technical nature. The attention paid in the technical co-operation programmes to the human dimension and environmental protection reinforced the need to stress the transfer of technology in UNDP-funded programmes and projects.

28. In that context, his delegation paid tribute to the devotion and competence of the United Nations Volunteers for their important contribution to technical co-operation, whether in assisting UNDP resident representatives or in providing emergency assistance on an individual basis for the reconstruction programmes adopted after crises provoked by man or nature.

29. The negotiations on UNDP's fifth programming cycle would be an opportunity to make important political choices on strengthening the core funds financed by the IPFs and on increasing resources to the special funds. It was essential to increase in real terms the resources allocated to the IPFs to enable the developing countries finally to overcome their grave economic difficulties. Accordingly, it was crucial to retain for the fifth programming cycle the floor principle established by decision 85/16. The basic criteria for the allocation of resources must be adjusted to reflect the realities in the countries concerned; the supplementary criteria must also be maintained and improved. Those criteria must not be allowed to distort IPF calculations. Eighty-one per cent of total resources should be allocated for country IPFs and 19 per cent for intercountry IPFs.

30. The new concept of technical co-operation referred to by the Administrator and the role of Special Programme Resources (SPR) in ensuring programme quality were not clear. SPR-funded activities should be based on the development priorities of the recipient countries. Lastly, the deteriorating economic conditions that prevailed in the net contributor countries must be taken into consideration; the IPFs for those countries should not be reduced.

31. His delegation shared the hope voiced by the Administrator that donors would make available substantially increased resources to enable UNDP to meet the needs of the developing countries and to maintain real and sustained programme growth throughout the 1990s.

32. Mr. SHASTRI (India) said that at the time of independence, India had launched a unique model of development combining State initiatives and market forces in a democratic framework. Recent developments all over the world had vindicated the basic strengths of that approach, both in regard to respecting each country's path to development and to nurturing international co-operation for the betterment of all.

33. India was currently striving to create employment opportunities, provide for basic needs and improve the condition of women, as well as to foster better education and health, in particular in rural areas, where more than 75 per cent of the population lived. But economic diversification at rising levels of productivity was not possible without substantial scientific and technical inputs over the entire range of economic activity. For that reason, India, like the other developing countries, had high expectations of UNDP whose technical co-operation assumed particular significance against the background of the very difficult economic situation confronting the developing countries. It was, however, essential for the United Nations system to remain apolitical and objective. The developing countries must be able to learn from global experience, but attempts to impose goals that did not conform to the priorities of those countries must be resisted.

34. The relaxation of political tensions, the cessation of regional conflicts, the opportunities for disarmament and the consequent availability of resources provided an opportunity to remedy the growing imbalances in the international economy. Despite their economic difficulties, more and more developing countries had been making contributions to the United Nations funds and programmes, while the developed countries did not seem to have mastered the political will needed to augment substantially the resources they made available to the developing countries. The absence of an appreciable increase in resources would mean that the United Nations system would be unable to provide the developing countries the technical assistance needed.

35. With regard to resource allocation for the fifth programming cycle, it was important to abide by the principles derived from Governing Council decision 89/20 and General Assembly resolution 44/211. Concerning the criteria for allocating resources for country IPFs, it was important to retain the floor principle, which symbolized the universality of the Programme; to maintain the primacy of the basic criteria (population and per capital GNP); to refine the classification of recipient countries, in particular the non-LDCs; and to adopt only those supplementary criteria that were objective, well-defined and measurable on the basis of accurate published data.

36. India was in favour of greater project execution by Governments and national entities. Its experience was that national execution enabled countries to absorb technology more easily; it was also more cost-effective and was in line with UNDP's objective of strengthening capability. He trusted that it would be possible to agree at the current session on a framework regarding successor arrangements for agency support costs.

37. It was regrettable that procurement patterns almost remained confined to certain developed countries. Greater use of experts and equipment from the developing countries would help not only to reduce the costs of delivery but also to develop their human resources and technological base. He hoped that all agencies would strive to improve and refine the statistical data relating to the experts and equipment that developing countries could offer.

38. The role of the United Nations system was to strengthen the capacity for co-ordination of the recipient countries so as to ensure that individual projects were fully integrated into the national development effort. Resident co-ordinators could have a role in co-ordinating the activities and programmes of the specialized agencies and in facilitating the implementation of UNDP-funded projects.

39. The importance of Technical Co-operation among Developing Countries (TCDC) could not be over-emphasized. A number of TCDC projects with NGO participation had recently been finalized in India under the auspices of the Special Unit for TCDC, which planned to follow up that effort with a similar exercise on a global scale. At the project-development stage, TCDC arrangements offered more appropriate and cost-effective solutions.

40. With regard to the operational activities of the United Nations system, he appreciated the manner in which those officials responsible for the funds and programmes had sought to maintain delivery in spite of resource constraints. Those activities had contributed to the efforts being made in India to modernize agriculture and industry and to implement social programmes. Among the developing countries, India remained the largest donor to UNDP. He paid a tribute to the Administrator's dynamic stewardship and the excellent support provided by the UNDP Secretariat.

41. Mr. BOGUCKI (Poland) noted that the countries of Central and Eastern Europe, which were undergoing sweeping socio-economic changes, were also looking to sources of bilateral and multilateral assistance in order to make the transition from a planned to a market economy. Poland's new policy, which had the approval of the International Monetary Fund and the World Bank, was composed of two phases: stabilization and recovery. Its main goals were to deregulate all sectors of the economy, notably by systematic privatization, to balance the national budget by eliminating most subsidies, to tighten credits and impose strict restraints on wage increases and to make the national currency convertible.

42. To carry out that policy, Poland sought to avail itself of the support of UNDP, the specialized agencies and the technical agencies. In doing so, it hoped to overcome its current economic problems and to be able to pay back the debt contracted in international assistance. It therefore counted on an increased IPF allocation for the European regional programme. His delegation also supported the request by the Czech and Slovak Federal Republic to become a recipient of UNDP assistance again.

43. With regard to agency support costs, the successor arrangements should respect the tripartite principle of technical co-operation in its current form and the leading role of Governments in determining their needs and co-ordinating the foreign aid extended to them.

44. He wished to reiterate his country's full support for UNDP and its associated funds and programmes, including interregional and global projects whose importance was growing as a result of ever-increasing interdependence.

45. Mr. HARUN-UR-RASHID (Observer for Bangladesh) said that recent progress in East-West détente provided UNDP, the primary source of multilateral technical assistance, with a unique opportunity to give the 1990s a more positive aspect than that of the previous decade. The 1980s had seen

inadequate growth in the developing countries, an increase in poverty, and a fragile environment. The debt burden and economic crisis faced by developing countries, particularly the least developed nations, had deepened further. Despite some positive achievements, a great deal still remained to be done.

46. One of the most important items on which the Council had to take a decision at its current session was the level of allocation of resources for the fifth programming cycle (1992-1996), a decision which would have a binding effect on all the others. To redress the situation of the developing countries, the international community urgently needed to increase its assistance efforts. His delegation wholeheartedly supported the Administrator's proposal to double the volume of resources, but it thought that they should be increased by at least 10 to 12 per cent annually to meet the priority needs of the developing countries. The prevailing spirit of co-operation made it possible to believe that that target was achievable.

47. In distributing its resources, UNDP should give primary consideration to the elimination of poverty and therefore give greater attention to the poorest countries which should receive substantially increased financial flows without delay. During the 1980s, the 42 least developed countries had experienced a further decline in their socio-economic indices. In February 1990, for the first time they had held at Dhaka, Bangladesh, a ministerial meeting at the conclusion of which a declaration had been issued outlining an international programme of action for the least developed countries. It was essential to realize that those countries had priority requirements and that they must be provided with increased aid in the form of grants and long-term concessional loans. His delegation therefore strongly endorsed the Administrator's proposal to increase the allocation of UNDP resources to the least developed countries from 42 per cent to 60 per cent during the fifth programming cycle, and it sincerely hoped that the proposal would enjoy the unanimous support of the Council.

48. He thought that the basic criteria for the establishment of IPFs for the fifth cycle should be maintained. The supplementary criteria, which must be used in order to give sufficient weightage to the least developed countries and to poverty alleviation should be managed with caution. In any event, it was necessary to continue to allocate 75 per cent of the IPFs for basic criteria and only 25 per cent for the supplementary criteria. Any new supplementary criteria should be specific, measurable, balanced, comparable and based on consistent data. Furthermore, the ratio between country IPFs and intercountry IPFs should remain as it had been during the fourth programming cycle, i.e. 81:19. As the needs of developing countries were continuing to grow and resources could not be expected to increase substantially, it would not be prudent to increase the share of intercountry resources at the cost of country IPFs. Within the intercountry IPFs, the existing share should be maintained, subject to minor adjustments, where necessary.

49. The Administrator proposed an increase in the percentage share of the programmes financed by the Special Programme Resources (SPR) from the existing 3.5 per cent in the fourth programming cycle to 5 per cent in the fifth cycle, which would increase the allocation to SPR from $186.5 million to $300 million. In his delegation's opinion, such a substantial increase should be considered only in the context of the overall growth of UNDP's resources during the fifth cycle, it being understood that the Special Programme Resources were of particular importance for disaster relief and management, technical co-operation among developing countries, and aid co-ordination.

50. The Council would also have to take a decision on the future arrangements which would govern the reimbursement by UNDP of agency support costs. The Group of Experts consulted (DP/1990/9) had recommended three options rather than only one. His delegation supported that recommendation, which should be viewed in the context of the following four principles: the arrangements must be designed from the standpoint of how best to meet the requirements of developing countries; they should encourage the fullest utilization and strengthening of national capacities; they should seek to enhance programme and project quality and cost-effectiveness, in particular by facilitating the adoption of a programme approach; and, lastly, they should reflect partnership within the United Nations system. On that basis, his delegation endorsed, as an interim arrangement, the second option recommended by the Group of Experts, i.e., arrangement based on payment for support services at a standard cost and separating it from programme implementation. However, it would be necessary to accelerate, in accordance with the provisions of General Assembly resolution 44/211, the implementation of the third option, i.e. complete control of country programmes by Governments. Over the past few years, Bangladesh had achieved a very satisfactory level of utilization of its national capacity in the execution of UNDP projects. His Government had taken a number of measures to that end, for example by streamlining the technical assistance procedure, speeding up the arrangements for appointing consultants, and tying, in many cases, technical assistance to investment projects. The recruitment of national experts or consultants had been regulated. In his delegation's opinion, it would be necessary to issue guidelines, to all United Nations agencies, with a view to increasing the use of national experts. It would also be necessary, within the framework of future arrangements to be adopted in favour of national execution of programmes and projects, to strengthen the capacity of field offices, decentralize operational activities further, and increase the delegation of authority to the field.

51. Mr. Morales Carballo (Cuba) took the Chair.

52. Mrs. BRUNETTI (Italy) said that General Assembly resolution 44/211 on the comprehensive triennial policy review of operational activities for development of the United Nations system constituted a reference point for the efforts to improve the quality of multilateral co-operation; co-ordination was the corner-stone of quality and efficiency and must be pursued by the United Nations and other aid agencies, the Governments of developing countries and the donor community.

53. The country programming system could no longer be the only tool for co-ordinating technical assistance operational activities. The problem was to ensure sustainable economic growth through the struggle against poverty, illiteracy and environmental degradation, by means of an integrated approach. UNDP should help to define two new instruments of co-ordination: national programme frameworks prepared by Governments proposing a pattern of use of United Nations resources, and the operational integrated response of the United Nations system to those frameworks. The experience gained indicated that greater attention should be given to human resources development, environmental protection, and the fight against illicit drug production and abuse.

54. UNDP could continue to rely on the support of Italy, which, in 1990, would contribute about $73 million to it. That amount was lower than her country's contribution the previous year, but during the past five years Italy had increased its contribution by an average of 8.6 per year. As it was difficult to maintain that annual rate of growth, the Italian Government had decided to give priority to those bodies which proved to be most efficient and whose approach in the field of multilateral development co-operation was closest to its own.

55. In order to maintain its basic contribution to UNDP at the desired level, the Italian Government would reduce its non-core-funding. On that point, the Italian delegation experienced the same hesitations as those expressed by other members of the Council during the informal consultations on a new aid funding strategy for the 1990s. At the beginning of the new programming cycle, the Council should perhaps review the system of separate funding for different United Nations activities placed under the UNDP umbrella.

56. On the subject of the amount of the assessment and allocation of resources for the next programming cycle (1992-1996), Italy, like the majority of donors, considered it realistic to expect a global annual growth of 6 per cent in voluntary contributions. Her delegation also endorsed the Administrator's proposal to increase to $300 million the amount of Special Programme Resources during the fifth cycle.

57. However, her delegation could not accept that NATCAPs, round tables and country programmes should continue to be regarded as separate mechanisms. The Council might make its approval of the use of the resources requested by the Administrator subject to a discussion of the various options which UNDP might propose for integrating those mechanisms. In addition, the proposals which UNDP was to submit on the "integrated operational response" mentioned by the General Assembly in its resolution 44/211 should also take into account the need to integrate NATCAPs, round tables and country programmes.

58. As to the establishment of country IPFs, she hoped that the Council would confine itself to refining the principles it had set out in its decision 85/16 and update them rather than radically reviewing the criteria used in the fourth cycle. Some donors wished to emphasize the struggle against poverty, which was possible in the context of decision 85/16: the Council might decide to strengthen, among the supplementary criteria, those based on the status of least developed country and on extreme poverty. However, in giving the struggle against poverty greater weight, one should not distort the universality of UNDP, which should also have programmes for middle-income developing countries in the sectors where they actually needed technical assistance. Some of the proposals for reducing further the IPFs for middle-income countries would have the practical effect of ending UNDP's presence in those countries. For example, in the Latin American and Caribbean region, a network of field offices should be maintained by providing an adequate IPF for the area. A balance should be struck between needs and assistance and any unduly extreme change avoided in the existing distribution of IPFs.

59. The guidelines relating to agency support costs should be identified at the current session of the Council. In the interest of cost-effectiveness, the relationship between UNDP and other agencies in the United Nations system, especially in the field must be streamlined. Of the various options proposed by the Group of Experts in its report (DP/1990/9), the second seemed worth

exploring further. The new arrangements should promote a gradual shift to national execution of programmes and projects. That option, to be applied on a case-by-case basis, should be accompanied by budgetary transparency and a division of roles so that the agencies would finance institutional activities through their regular budget while UNDP would provide technical assistance. It was also important to promote independent, efficient quality control of the execution of multilateral programmes. In her delegation's opinion, for the time being, it would be appropriate to have a compromise solution that would include a transition period and some monitoring of results in order to avoid traumatic disruptions in the activities of the agencies.

60. Lastly, her delegation wished to draw the Council's attention to the tragic plight of refugees and displaced persons, of whom there were at least 30 million at the present time, mostly women and children. Italy had decided to finance the PRODERE programme, which addressed them and was being executed in Central America with UNDP assistance. It also endorsed in principle the recommendations contained in the report of the Administrator on the question (DP/1990/66), particularly those which sought to increase the co-operation between the Office of the United Nations High Commissioner for Refugees and UNDP, both at Headquarters and in the field.

61. Mr. Popescu (Romania) resumed the Chair.

62. Mr. HAYA DE LA TORRE (Peru) said that UNDP's work had been simplified by the confidence which it had inspired, mainly because of its neutrality, its flexibility and its universality, as well as its efficient responses to the various strategies and objectives of the developing countries. His delegation believed that UNDP's efficiency could be improved by further decentralization and delegation of authority, particularly to the resident representatives. It also considered that the universal, multilateral and voluntary nature of contributions must be maintained.

63. The widening gap between the countries of the North and those of the South made it incumbent upon the international community to increase the resources allocated to development in general and to UNDP in particular, in foreseeable, continuous and reliable conditions, and in proportion to the needs of the developing countries.

64. Peru was currently undergoing a serious economic and social crisis which was reflected in the increasing number of persons living in extreme poverty. The Government chosen in the forthcoming elections would have to introduce a stabilization programme which would have adverse consequences for the low-income population, and it was therefore necessary to maintain an important flow of international co-operation. However, other problems also hampered his country's economic development, including that of the external debt, which amounted to nearly $20 billion. After difficult negotiations, the Peruvian Government and the IMF had concluded in December 1989 an agreement that took into account the existing situation in the country as well as the new international trends concerning the debt problem. That agreement was based on five principles: (a) it was impossible for Peru to repay its debt on the current terms of the loans; (b) the Peruvian economy would have to grow in order to increase the country's capacity to pay; (c) the debt could be reimbursed only in accordance with the country's real capacity to pay, after taking account of its requirements for growth and well-being; (d) the real value of the debt was less than its nominal value; and (e) Peru should receive a positive net transfer of resources.

65. His delegation considered that the allocation of resources during the fifth programming cycle should continue to respect the fundamental principles governing UNDP's activity, namely universality, neutrality and flexibility, and to enhance the role of international co-operation as a factor in consolidating democracies. In that connection, the priorities given to some countries should not be at the expense of others, since poverty did not respect geography. In the view of his delegation, it was imperative to increase UNDP's resources in real terms; to respect the "floor" principle in order to reserve a minimal proportion of resources to cope with the crisis in the Latin American and Caribbean region; to continue the supplementary criteria and to make provision for factors such as external indebtedness and social indicators; to retain the current apportionment of IPFs by country and region, as well as interregionally and globally; and to give priority in the allocation of Special Programme Resources to TCDC, disaster relief for the emergency programme for Central America and, among proposed new items, the funding of projects for the substitution of illegal coca cultivation.

66. Mr. VELOSO (Mozambique) said that the year 1990 marked the fortieth anniversary of the launching of multilateral technical co-operation for development within the United Nations system. For four decades the system had provided the developing countries with a useful instrument for the assistance and transfer of skills required to improve the living conditions of their citizens. The 1990s had rightly been defined by the General Assembly as the time for revitalizing the growth and development of the developing countries. In that connection, UNDP's fifth programming cycle was very important and his delegation called for a significant increase of voluntary contributions in real terms.

67. In connection with the distribution of resources among recipient countries, his delegation considered that it should be possible to reach a mutual agreement which would preserve the universal nature of UNDP and would recognize the need for priority allocations of resources to the LDCs as embodied in several General Assembly resolutions. In that connection, his delegation supported the proposal to increase to 60 per cent the level of resources to be allocated to the LDCs. It also endorsed continuation of the use of IPF as a privileged mechanism for the allocation of core resources.

68. The discussions on the successor arrangements on agency support costs were an example of a situation in which dialogue should ultimately serve the purpose of improving the performance of the United Nations system on operational activities for development and should strengthen the role of the specialized agencies in their respective areas of competence; it should also help recipient countries to assume greater responsibility over the management and execution of projects, including, whenever possible, their direct execution.

69. For the majority of the developing countries, the 1980s had been a lost decade of development. The African continent had been the worst affected by far. His delegation welcomed the proposal of UNDP to increase its activities in the critical area of refugees and displaced persons and generally endorsed the recommendations contained in the report on that issue, particularly those relating to persons displaced as a result of man-made disasters. His delegation also urged a more effective implementation of the Oslo Plan of Action, in particular, through the establishment of a focal point within

the United Nations system. In conclusion, he reaffirmed the will of the Government of Mozambique to strengthen its collaboration with UNDP and with the United Nations system in general.

70. Mr. RIVAS (Observer for Colombia) said that the position of his delegation on technical co-operation was determined by the prospects for the economic and social development of Colombia; those could be summarized in three basic trends. At the social level, there had been substantial improvement in the indicators reflecting the standard of living of the population, thanks to the implementation of programmes designed to eliminate poverty and assist low-income social groups and regions. It was however clear that the country possessed only a limited financial and logistic capability with which to fight against poverty. At the economic level, inflation control, strict debt repayment and a prudent monetary and budgetary policy had made it possible to maintain an overall balance in a difficult international environment. A modernization programme had been adopted recently in a number of fields: industrial restructuring, strengthening of the financial system, encouragement of productive internal and foreign investment, structural adjustment of services and rationalization of foreign trade. At the political level, Colombian democracy had demonstrated its vitality with the holding of free elections in difficult conditions. However, the institutions of the country continued to be threatened by drug-related terrorism in the face of which the moral solidarity of the developed countries had unfortunately not yet resulted in effective aid which would offset the enormous cost of combating a problem the causes of which were international.

71. In those conditions, the role of international technical co-operation was more important than ever, especially as the institutional development of Colombia had enabled it to build up a relatively strong capacity to absorb international aid. For Colombia, co-operation with UNDP must, in the immediate future, respond to four priorities: the fight against extreme poverty, reform of the State and public administration, modernization and internationalization of the economy, and protection of the environment. The discussions on the fifth programming cycle had confirmed that those priorities coincided largely with those expressed by other Latin American countries. While his delegation fully appreciated the serious situation of many countries in Africa and Asia, it thought that per capita income statistics should not have the effect of minimizing the urgent need to respond to the needs of the underprivileged of Latin America. More accurate indicators showed that large segments of those populations lived in conditions of poverty similar to those of the peoples of Africa and Asia. His delegation therefore urged the Governing Council to correct the downward trend in the share of UNDP resources allocated to the Latin American region. It considered it essential to reaffirm the 1970 Consensus on the allocation of Programme resources and to maintain the proportions applied during the fourth programming cycle. The "floor" principle must also be retained. In fact, to reduce resources on the basis of average per capita income was to overestimate the role of income disparity as a measure of poverty. The appropriation of resources for co-operation to public and private institutions which had already reached a certain level and degree of experience could have greater social consequences than the injection of specific responses where such a minimum level had not yet been reached.

72. Those considerations led to another observation on the administrative management of UNDP resources in the Latin American region. Their institutional capacity having grown, the Latin American Governments were currently able to execute many national projects with the support of UNDP field offices.

73. Lastly, with regard to the focus of the third regional programme for Latin America and the Caribbean, the priority areas chosen were identical with those for Colombia itself; his Government also welcomed the programme to improve the administration and the Special Plan of Economic Co-operation for Central America, which was conducive to the application of the horizontal co-operation mechanisms proposed by Mexico, Venezuela and Colombia.

74. His Government stressed the crucial importance of UNDP's support for the stability of the Colombian democracy. The assistance extended by the United Nations system to Latin America, with improved administrative mechanisms, would make it possible to achieve the objectives of peace and development to which all the countries represented at the current session of the Governing Council subscribed.

75. Mr. F. RIQUELME (Spain) said that on the occasion of the fortieth anniversary of multilateral technical co-operation for development, UNDP had given proof of its vitality with the publication of the Human Development Report, 1990, which had been particularly well received in Spain.

76. For 1990, Spain planned to augment its contribution to international co-operation to 112 billion pesetas, an increase of 29.11 per cent over 1989. The multilateral element of that co-operation amounted to 50.62 per cent, and the primary recipients were the non-financial international organizations, including UNDP. Spain's voluntary contributions to the Programme in 1990 would be more than 13.3 per cent higher than in 1989.

77. In 1962, UNDP had set up a programme for training young professional staff in the field of co-operation. An agreement concluded with Spain in December 1987 would enable 10 young Spanish nationals to be trained in 1990-1992 for assignment to UNDP field offices in a number of developing countries in Latin America and Africa. Spain would also give consideration shortly to new support modalities for the United Nations Volunteers programme.

78. Spain supported the recent changes in Eastern Europe, both bilaterally and through the co-operation developed within the European Economic Community. But co-operation with the countries of Central and Eastern Europe must in no way lead to a reduction in the resources allocated to the developing countries.

79. The economic and social changes in the developing countries were of an increasing diversity. Whereas a number of new industrial countries in Asia had achieved considerable success in the 1980s, many Latin American and African countries had been unable to improve their situation. A number of recent and forthcoming events gave reason to hope that the 1990s would be a "fruitful" decade for international development, in particular for the least developed countries: the special session of the General Assembly on international co-operation, the Second United Nations Conference on the Least Developed Countries, the New International Development Strategy, to be adopted at the forty-fifth session of the General Assembly, the eighth session of the United Nations Conference on Trade and Development and the United Nations Conference on Environment and Development.

80. The far-reaching changes currently taking place on the international scene would surely have an impact during the fifth programming cycle on questions of underdevelopment and North-South relations. In that context, three crucial factors must be taken into consideration: the evolution of the

foreign debt problem of the developing countries; the social dimension of structural adjustments; and the formulation and implementation of strategies for sustained development. The question of resources for the fifth programming cycle must be addressed with realism and moderation. In view of inflation and the state of the international financial system, it was reasonable to assume an annual growth of voluntary contributions of 6 to 8 per cent.

81. Another important issue was resource distribution between country IPFs and intercountry IPFs. There again, the above-mentioned factors must be taken into account, as well as a number of other considerations. Any unnecessary modification of the consensus that had reigned during the fourth programming cycle must be avoided. New factors must also be borne in mind, including the situation of the least developed countries. An imaginative effort was required to integrate the LDCs without violating the principle of universality or causing prejudice to the major country groups, such as the Latin American countries.

82. Spain had given careful consideration to the proposal by the Swiss delegation, but its drawbacks were such that it could not support it. The emphasis placed on the least developed countries would clearly be prejudicial to other country groups, particularly the Latin American countries. Lastly, a consensus existed on the utility and importance of the Special Programme Resources (SPR), which must help to improve the quality of the IPF-funded programmes. During the fourth cycle, SPRs amounting to $20 million had helped to finance the Special Plan of Economic Co-operation for Central America, for which the countries of Central America had requested an extension until the end of 1994. Spain supported that request; an extension would serve as a favourable precedent for other regional groups of developing countries.

The meeting rose at 6.15 p.m.

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Held at the Palais des Nations, Geneva,
on Thursday, 7 June 1990, at 10 a.m.

President: Mr. POPESCU (Romania)

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Programme implementation

(a) Annual report of the Administrator for 1989 (continued)

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The meeting was called to order at 10.10 a.m.

PROGRAMME IMPLEMENTATION (agenda item 4)

(a) ANNUAL REPORT OF THE ADMINISTRATOR FOR 1989 (DP/1990/17 and Add.1, Add.2 (Parts I and II), Add.3-5, and Add.6 (Parts I and II) (continued)

1. Mr. YLLI (Observer for Albania) said that his country could look back on 10 years of fruitful co-operation with UNDP, co-operation which it hoped would steadily increase. Albania's country programmes for the third and fourth cycles had been harmonized with national development programmes. During implementation of the third and fourth cycles, tangible results had been achieved in new areas such as information technology and telecommunications. A new institutional infrastructure had been created; a number of research workers and lecturers had been trained abroad; and the laboratory facilities of the university, which played a key role in mobilizing human resources and in the country's development in general, had been enhanced. Implementation of the country programme for the fourth cycle had been satisfactory. The institutions that had been the focal points in project implementation now acted as schools of experience, enabling more difficult tasks in the field of multilateral and bilateral co-operation to be undertaken. The mid-term review of the country programme, held in Tirana in October 1989, had increased the efficiency of co-operation with UNDP and the executing agencies. Albania's participation in 14 UNDP regional projects had opened up new possibilities for co-operation by the country's research and development institutions with their opposite numbers in other parts of the region and the world.

2. Much remained to be done in important areas such as environmental protection. His Government had given careful thought to pollution problems and had taken practical steps in the area of environmental management. It was aware of the size of the investments needed and was ready to co-operate with UNDP, as well as with interested countries and parties, multilaterally, bilaterally, regionally or interregionally.

3. With the aim of making effective use of national human and material resources, his Government had given top priority to educational and cultural policies. Education was now free for all and illiteracy a distant memory. A wide-ranging popular debate was under way on the question of increasing the period of compulsory schooling from 8 to 10 years.

4. The improvements in the economy, standards of living, education and culture had been paralleled by a gradual process of democratization and decentralization, in pace with the various stages of development. In that regard, the People's Assembly had recently approved a series of important measures authorizing the self-reliance and self-financing of enterprises, and worker initiatives, measures which would have a substantial impact on growth of production, and lead to the introduction of new technologies and higher incomes, as well as creating greater opportunities for multilateral co-operation, particularly with the United Nations agencies. The recent visit to Albania by the Administrator of UNDP would lead to increased co-operation in areas of UNDP expertise such as management, environmental protection, trust funds and special funds. As part of its efforts to strengthen multilateral co-operation, his Government had expressed the wish to open a UNDP mission in Albania, with a view to more fruitful collaboration not only with UNDP but

with all United Nations executing agencies. Such a move would be a tangible step towards strengthening UNDP's policy of making self-reliance a priority strategy, in line with General Assembly resolution 44/211. The visit to Albania by the United Nations Secretary-General in May 1990 constituted a further important step towards increased activity by the Organization in a changing Europe.

5. His delegation supported the Administrator's efforts in support of the Programme of Action for African Economic Recovery and Development, and especially the assistance extended to the peoples of Palestine and Namibia. UNDP made a valuable contribution in assisting those regions, in which millions had been reduced to misery by war and adverse climatic conditions. His delegation wished to see the international community, and especially donor countries, contribute more to the recovery of those regions. It expressed its readiness to collaborate with all other delegations in seeking the best ways of achieving the targets set at the thirty-seventh session of the Council.

6. Miss ANSTEE (Director-General, United Nations Office at Vienna) said that, despite the enormous changes the world had undergone in 40 years of technical co-operation, the similarities between the concerns that had animated the founders of what was now called the United Nations Development Programme and those facing the world on the threshold of the 1990s were startling. She was amazed, and disconcerted, to realize that many of the concepts that the Expanded Programme of Technical Assistance had been struggling to implement when she had first joined it 38 years previously were still at the forefront of the agenda. Although the term "development" per se had not yet been common currency, the Programme had seen the object of its efforts as improving human beings' living conditions in the broadest sense, and not simply as economic growth. It had supported community development; it had tried to foster popular participation; education, health and nutrition projects had figured large in its programmes. The difference today was rather one of scale, of perspective, and was inevitably coloured by hindsight, by the realization of what it had proved possible to achieve and, more significantly, of what had not been achieved.

7. The interrelationship between economic and social forces had been recognized from the outset. Since then the debate had swung back and forth, with the economic arguments usually prevailing. A synthesis between the two had not been achieved. Nor had the exalted development goals of the heady days of the early 1950s. A reappraisal was now necessary, in the light of the accumulating evidence of failure: the sharply deteriorating economic conditions in many countries, especially in the developing world; the heavy social and human cost exacted by attempts to deal with economic reversal; and the growing realization that the cost was so high, precisely because the social structure had already been fragile.

8. The relationship between the economic and the social was a two-way relationship. The same consideration had not yet been given to the social foundations of economic systems as to the economic foundations of social systems. It was, of course, recognized that social problems could not be solved by social policy alone. It must now be recognized more explicitly that neither could economic problems be solved by economic means alone. Development policy must integrate the two at the macro-economic as well as the sectoral level, in the national as well as the local area, in policy analyses as well as in operational activities. Economies were interlinked in a global

system. The proper functioning of that system was vital to all countries, especially developing countries. But at the same time, social issues and concerns were also becoming more internationalized, a process that was gathering pace, and that was particularly striking when viewed from Vienna. The current renewal of interest in social concerns arising from the pains of economic adjustment provided a new opportunity to ensure that social policy and social targets were placed at the heart of development strategies in the medium and longer term, and not simply seen as a palliative to short-term evils. Likewise, the internationalization of social concerns created new opportunities for co-operation, and indeed demanded greater co-operation among countries. It thus posed new challenges to the United Nations system, and particularly to UNDP.

9. The intricate interrelationship between many factors often considered separately was epitomized in the escalating world-wide problem of abuse of, and trafficking in, narcotic drugs. She had frequently drawn attention to the "four-D equation": the interlinkages between drugs, debt, development and democracy. Just as it was imperative to deal with all aspects of the drug question simultaneously, so it was also necessary to consider the phenomenon in the wider context of development needs, and of economic conditions conducive to drug production, of alternative opportunities as well as alternative crops, of access to markets and the assurance of reasonable prices for those alternative crops, of social and family conditions conducive to drug addiction. There had been growing recognition of those realities in the past year. In the three years since the new arrangements had been introduced in the United Nations Office at Vienna, its staff had been concentrating their efforts not only on developing their conceptual understanding of all those complex factors and of the links between them, but also on exploring how to translate them into operational terms. In that endeavour they had worked closely with other organizations and agencies active in the social sphere, including UNDP and UNFPA.

10. Looking back over 40 years, the question seemed to be not so much what to do, as how to do it. In resolving that problem, a social perspective could be of help: a social perspective based on a larger view of social policy and not simply on a sectoral view, a perspective which sought to emphasize the social aspects of all policies and insisted on seeing whether projects affected people's lives positively through increased well-being, participation, self-respect and social justice. UNDP's Human Development Report 1990 provided refreshing new insights in that direction.

11. In order to meet the challenge of the social perspective, the key words during the next decade should be flexibility, decentralization, learning and co-operation: flexibility - to reach out in new directions; decentralization - to encourage decision-making from the bottom up and popular participation; learning - from the people who knew best what they themselves wanted and needed in order to survive and prosper; and co-operation - at all levels and of all kinds. Particular care must be taken to avoid the tendency to guard one's own territory and one's own thinking jealously, and to regard them as sacrosanct.

12. The United Nations Office at Vienna (UNOV) and UNDP were already working together along those lines in several areas. They were now finalizing a programme advisory note on social policy and development, in accordance with suggestions from UNDP staff at headquarters and in the field. She hoped the

note would soon be submitted to the Administrator for circulation. At the invitation of UNDP, UNOV had reviewed a range of UNDP projects, with the aim of identifying new areas of co-operation and suggesting how UNDP might respond to requests in emerging areas of social concern, especially those that cut across traditional sectoral demarcation lines. UNOV was participating in the UNDP round table process, most recently in Chad. It was also helping with the UNDP/World Bank/African Development Bank project on the social dimensions of adjustment in Africa, both in the Steering Committee and in the field - latterly in Tanzania. In Bolivia, with the support of UNDP, UNOV was providing high-level policy advice to the Government in support of its strategy to promote broader-based development while maintaining its economic stabilization programme, and to obtain greater participation of the poorer strata of the population through expanded employment opportunities and through investment in human resources and in low-cost revenue-producing schemes.

13. With the support of the Department of Technical Co-operation for Development, UNOV was now able to provide Governments, at their request, with the services of an Interregional Adviser on Social Policies and Development, who had already visited a number of countries in Africa, Asia and Latin America. His job was to advise on strengthening national and local capacity in social policy planning, design and implementation, and to organize training.

14. UNOV continued to provide the services of an Interregional Adviser on crime prevention and criminal justice, as well as ad hoc advisory services in various areas, including the advancement of women in development roles, with the support of UNIFEM. Its work on disability had recently been strengthened, with Swedish government support, through a UNDP-based technical adviser working closely with the Disability Unit of UNOV. Thanks to the generosity of donor countries, several staff members had been made available recently, at no cost to the regular budget, to strengthen UNOV's operational capacity.

15. UNOV also managed small trust funds financed by voluntary contributions to support projects in developing countries in the areas of youth, aging and disabled persons. Most grants from those funds provided seed money for projects too small to be considered by major funding agencies, and in areas which, though crucial, often lost out in the struggle for scarce funds under the IPF system. Some led to replication on a larger scale with multilateral or bilateral financial support.

16. In September 1990, with the support of the Government of Finland, UNOV would be organizing an expert meeting on social development co-operation strategies to meet the new challenges of the 1990s. It would bring together governmental experts from departments of social affairs and those responsible for development co-operation, from both developed and developing countries, as well as experts from multilateral organizations within and outside the United Nations system.

17. In response to the growing seriousness of the drug problem, and in co-operation with the entire United Nations system, UNOV had been requested to prepare a System-wide Action Plan on Drug Abuse Control. The plan set out the current and proposed activities of all entities of the United Nations system, and outlined the resources currently available and those that would be needed for a concerted effort to combat the growing menace of drug abuse and trafficking, and of drug-related money transfers and conversions. The plan

had recently received solid support in the Committee for Programme and Co-ordination. It would also be discussed at the summer session of the Economic and Social Council.

18. UNOV's resources for tackling a wide array of issues of direct and vital concern were, alas, all too meagre. But it was convinced that, just as the quality of development and the quality of life were important, so too was the quality of the co-operation provided to member States. That was what it was trying to improve, so as to learn from the lessons of the past 40 years and to ensure that the 1990s marked a real turning-point. If that aim could be achieved, when the time came to commemorate the fiftieth anniversary of the Programme, it would be possible to celebrate the beginning of a truly new millennium in which development would assume its true significance.

19. Mr. SIAZON (Director-General, United Nations Industrial Development Organization) said that the issue of successor arrangements for agency support costs extended far beyond the question of reimbursements and reaching to the very heart of multilateralism. Given its importance, he wished to focus on that issue alone. His statement represented the shared views of the specialized agencies, on whose behalf he was honoured to speak.

20. It was universally recognized that successor arrangements should ensure enhanced project quality and maximum cost effectiveness through full utilization of the technical and managerial capacities of the United Nations system at all stages of the project cycle. That approach had been provided for in paragraph 34 of General Assembly resolution 42/196, and reaffirmed in resolution 44/211. Moreover, in Governing Council decision 88/56, Governments had reaffirmed the importance they attached to the assistance provided by the United Nations system, one of the many benefits of which was its multilateral and non-political character. The system also had a proven ability to adjust to Governments' policies and priorities, to say nothing of its capacity to draw on an unparalleled pool of accumulated knowledge and experience.

21. For its part, the United Nations system had undertaken to adapt itself to evolving circumstances and challenges. That commitment was borne out by a number of measures, such as the recent steps to enhance the role and effectiveness of the Resident Co-ordinator system. Its operational activities were not an end in themselves: they were designed to promote self-reliance, facilitate the transfer of skills and technology, further capacity building, and ensure the provision of sound and neutral technical advice to Governments. If those objectives were to be achieved, the essential integrity of the relationship implicit in the partnership between Governments, UNDP and the agencies must be preserved, and indeed strengthened.

22. Turning to the more specific questions that had emerged from the broader discussion of successor arrangements and reimbursements to agencies, he wished to deal first with the question of national execution. Its validity as a principle stood unquestioned. The wider question was how the development and use of national capacities could be enhanced most effectively, without jeopardizing the development process and the capacity of the United Nations system to further that process. The capacities of the agencies were, and would continue to be, available to Governments at all stages of the programme and project cycle. However, due account must be taken of the wide variation of developing-country needs and capacities, and of the interdependencies and range of problems transcending national boundaries. Matters were not helped

by the distinction UNDP was proposing to make between execution, something that Governments should do, and implementation, something that UNDP wished to do. That distinction, upheld by the Administrator in his proposals, merely clouded the real divisive issues, of which there were four.

23. First, the Administrator's proposals would result in unilateral modification of the fundamentals of the 1970 Consensus, reducing the tripartite partnership to a bipartite relationship between UNDP and the agencies, on the one hand, and UNDP and recipient Governments, on the other. Secondly, they ran the serious risk of marginalizing the agencies, demoting them to the status of mere purveyors of services. Thirdly, they ignored the incompatibility of the dual role to be assumed by UNDP, of central co-ordinator and major executing agency, disregarding the conflict of interest to which that might lead. Fourthly, they imposed a major financial burden on member States, which would be expected to maintain and fund staff previously covered under operational budgets, as well as bearing the cost of the appreciably larger UNDP staff that would be needed to exercise greater administrative and support functions.

24. All four issues would combine to have a deleterious effect upon development. They would divert both energies and programme resources from the task of promoting the growth and development of the developing countries. Furthermore, the proposals had been set within an unrealistic time frame. It was proposed that national execution of all projects should become a reality by January 1992. The agencies' view was that individual Governments should determine to what extent and at what pace they wished to introduce national execution, and thereafter specify the assistance they might require for that process.

25. The second major question arising from discussions concerned project quality and accountability. It was misleading to argue that agencies were "volume-driven", developing projects and making up quantities to the detriment of quality. Regardless of number, projects were always undertaken at the request of Governments, and had to be approved by both Governments and UNDP. Moreover, quality was assured by careful definition of objectives and the project framework, with appropriate provision for monitoring and reporting. While the 13 per cent reimbursement was not unimportant, it must be seen in perspective. Agencies did not develop projects merely to secure reimbursement. Even after receiving 13 per cent from UNDP, they had to subsidize projects to an appreciable degree - often more than 13 per cent - from their own regular budgets.

26. The third question related to the programme approach as perceived in the proposals. The dichotomy between the programme and project approaches reflected a basic misunderstanding of multilateral co-operation. If implemented as suggested, the agencies would be excluded from overall project work, thus denying the developing countries access to the agencies' accumulated technical experience and other essential functional services such as information standards and investment promotion.

27. The fourth question focused on the UNDP perception of involving capabilities outside the United Nations system through subcontracting. The agencies were best equipped to mobilize such outside expertise but, if the intention was to use those external capabilities without involving the agencies, the link between projects and technical expertise would be

ruptured still further, to the disadvantage of all; the agencies' hands-on contribution to the development process would be diminished while co-ordination in the field between the agencies and UNDP would be jeopardized.

28. The agencies would submit that long-term involvement in, and a genuine understanding of, a country's development at the sectoral level were of paramount importance. Those attributes, together with the synergy offered by the sum total of the agencies' other activities, were assets that private-sector contractors could not offer, just as they could not lay claim to the neutrality which was a further hallmark of the United Nations system. Moreover, private-sector contractors saddled their clients with the burden of overheads. Such considerations had been ignored by the UNDP Expert Group. Indeed, the Experts Group's options and the proposals put forward by the Administrator had one failing in common, in that both were devoid of the parameters needed to establish financial and budgetary implications for all three partners. Indeed, there was a clear risk of increasing the cost of technical co-operation through the duplication of agency functions implicit in the UNDP proposals.

29. So long as there was no indication of the cost involved, it would be fruitless to assess the impact of a new modality on the operational and regular budgets of the agencies. In the case of UNIDO, the new modality could well undermine the financial basis of the country director programmes, thus decimating the agency's presence in the field and dashing the hopes of the developing countries, which had come to rely on the valuable services provided by UNIDO field personnel.

30. The agencies were not opposed to adapting to new conditions and circumstances. What they could not accept was that the arrangements were being radically modified, endangering the very essence of multilateralism, without due consultation with the respective governing bodies and in defiance of the tripartite principle that underpinned the whole system. Only if new arrangements were discussed and designed in unison could there be any hope of establishing a clear corporate policy and framework for the United Nations system that would be perceived and accepted as such by all three partners.

31. The agencies would agree that the current system of support cost reimbursement was not perfect and it did not even offer adequate compensation for the services rendered by agencies; it did, however, have the merit of being unambiguous and applied uniformly. Some of the new proposals were not only complex, but they would also be cumbersome to administer. The agencies believed that it would be advisable to assess the possibly substantial financial impact before deciding on one option or the other. Only then would the Governing Council be in a position to reach a decision that would command the support of governing bodies throughout the United Nations system. Moreover, little or no attention had been paid to the peculiar circumstances confronting the smaller agencies; those would have to be addressed with due care in the forthcoming negotiations.

32. A welcome shift towards preserving the integrity of the system was apparent in the latest proposals put forward by the President of the Council. Those proposals also fully recognized, and placed a value on, the contributions that the agencies could make to development, irrespective of implementation

arrangements. They accepted the need for consensus and agreement between UNDP and the agencies, as well as the need to involve the agencies' governing bodies in the formation of that consensus.

33. Much work remained to be done to lend substance to the President's proposals. For example, it would be essential not only to define the roles of all three partners more precisely but also to clarify the meaning of such terms as "management" and "administrative functions". In that connection, he trusted that the principles of partnership would be strengthened. Agreement would also have to be reached on ways of enhancing national execution, particularly in view of the vast diversity of conditions and capabilities in the developing countries. That was a telling factor, as had been indicated in the Kim report on government execution. The few countries that had actively pursued the goal of national execution were finding it difficult. In 1986, national execution had accounted for 18.14 per cent of countries' IPFs; by 1989, that figure had declined to 13.35 per cent. Those figures were even more striking when it was realized that just two countries accounted for 33 per cent of all national execution, while a further four raised the percentage to 52. Development experience to date would guard against unfounded optimism that the technical capacity of developing countries would be sufficient to permit full-scale national execution in less than two years.

34. In his proposals, the President had suggested that a decision should be taken on the overall limits of levels of support costs at the thirty-seventh session, while the discussion on the rates for administrative and operational support to projects should be taken up at a later juncture. Such an approach might lead to gridlock. The elements were so closely interlinked that trying to separate them would further complicate the search for a consensus. Instead, at the current session, the Council should only take decisions that would demonstrably facilitate the negotiations envisaged for the months to come. Prudence would therefore demand that a careful assessment be made of the most promising options and a full-scale discussion held. To that end, it would be desirable to establish a joint UNDP/agency working group to work out vital details, without which no successor arrangements could become operational. Those details would encompass the identification of services to be provided by different partners under the various modalities of execution; they would also relate to the cost of those services, as well as to the manner and level at which they were to be reimbursed. Only then could the financial implications of the proposed arrangements be ascertained and the respective governing bodies enabled to adopt informed decisions.

35. UNIDO enjoyed an excellent and closely integrated relationship with UNDP. UNIDO country directors were present in the offices of UNDP Resident Representatives, who moreover represented UNIDO in the field, thus lending tangible support to the central co-ordinating role that UNDP was supposed to play. The relationship also derived strength from the fact that UNIDO was the third largest executing agency for UNDP projects. That quantitative performance was matched by qualitative gains; recent evaluations had shown that the proportion of large-scale UNIDO projects rated successful had increased by 3.9 per cent from 1988 to 1989, while the number experiencing problems had declined a further 5 percentage points over the same period. UNIDO had also maintained a close co-operative relationship with UNDP in its programmes directed towards women, the private sector, the environment and the least developed countries. Such co-operation would be further strengthened as UNIDO participated more closely in NATCAP and country programme reviews.

36. Given the strength of that relationship and its positive impact on the developing countries, he was all the more surprised by the Administrator's proposal to end everything without further ado. The proposals were all the more damaging as they struck at the core of multilateral co-operation.

37. Mr. VRAALSEN (Norway) said that the Human Development Report, 1990 had established that longer-term economic and social development in a given country was only possible with a healthy, well-educated population that also enjoyed human and civil rights and was able to participate fully in economic and political processes. Any successful development policy must fully acknowledge the role that women, half of humanity, must play. All that could be done to ensure the education, health and happiness of children also represented a vital investment in the future. Successful population policies were a prerequisite for the success of other development efforts.

38. The report had shown that developing countries had made very significant progress towards human development in the previous three decades and that North-South gaps in basic survival had narrowed considerably, even though income gaps had widened. It had stressed that the link between economic growth and human progress was not automatic and that fairly respectable levels of human development were possible even with fairly modest income levels. The key, according to the report, was how economic growth was managed and distributed for the benefit of the people.

39. Removing the immense backlog of human deprivation remained the challenge for the 1990s. In many countries in Africa and Latin America the previous decade had been lost in the sense that there had been stagnation or even reversals of human achievements. It was therefore imperative to achieve a global economic framework which was more conducive to a broad revitalization of economic development, particularly in developing countries, and to adjust the international debt strategy in such a way as to arrive at an early solution to the problem of indebtedness and to reverse the situation of net financial transfers from developing to industrialized countries. In that connection determined efforts must be made to reach ODA targets. Economic co-operation with Eastern Europe must not be increased at the expense of co-operation with and assistance to the developing countries.

40. It must be borne in mind that living standards in most developing countries were far below those in Eastern Europe. His Government therefore considered that it should be possible to assist both East European countries and developing countries in different ways without using ODA for support to the former. His delegation maintained that UNDP should continue to concentrate its assistance on developing countries, giving high priority to the poorest countries and to poor and vulnerable groups within those countries.

41. Turning to the issues of population and the environment, he noted that the largest share of resources used, and waste created, was currently the responsibility of the people who lived in industrialized countries. In developing countries the combination of poverty and population growth was damaging the environment in several of the most sensitive areas, notably deforestation and land degradation. But in developed or developing countries, the more people there were, the greater the damage to the environment. The actions which the Council would take, or would not take, would decide the speed of population growth and damage to the environment for much of the next century. That must be a basic concern in all development efforts.

42. Bearing in mind the needs of developing countries for increased resource transfers and technical assistance, it was necessary to achieve a significant overall increase in contributions to UNDP in the longer term. The target for the next five years should therefore embody a significant increase. He appealed to those who had the means to show greater generosity in their contributions to UNDP.

43. UNDP's activities should be clearly poverty-oriented and the Norwegian delegation would support proposals aimed at strengthening UNDP's poverty-alleviation efforts during the negotiations on the fifth cycle. One measure in that direction should, in his view, be the abolition of the "floor principle", which prevented the reallocation of resources to those who needed them most.

44. The successor arrangements on support costs must promote delivery of technical assistance to the developing countries according to their needs; they should also encourage self-reliance and strengthen national capacity-building. The quality and effectiveness of technical assistance must be improved and to that end it seemed desirable to shift from the current project approach to a more programme-oriented approach; the system of support costs should encourage such developments. The system should also improve the working relationship between organizations in the United Nations system and partners in the tripartite arrangement so as to achieve full and effective utilization of all partners.

45. Mr. PENZIN (Union of Soviet Socialist Republics) said that, against a background of profound changes in political thinking and growing economic interdependence, it was clear that the United Nations must make an adequate response to the impetus for the development of international economic relations which had been generated at the eighteenth special session of the General Assembly.

46. Operational activities for development constituted one of the most important aspects of United Nations efforts in the economic and social fields. Along with an increased awareness of interdependence, such issues as the internationalization of approaches to the solution of development problems, the strengthening of world-wide economic dialogue and effective use for those purposes of the existing machinery of multilateral economic and technical co-operation, including UNDP, were moving to the top of the agenda. A practical example of the attitude of the Soviet Union towards United Nations technical assistance was the initiation of co-operation with the United Nations Volunteers and the Revolving Fund for Natural Resource Exploration. There was a large potential for co-operation between the Soviet Union and UNDP, co-operation which his Government was willing to intensify.

47. Notwithstanding important changes, the basic elements of UNDP activities, such as their voluntary character, universality, assistance in the form of grants, and recognition of the leading role of recipient Governments in the distribution and use of UNDP allocated resources, remained unchanged. Of particular importance for the development of those principles on a balanced basis was General Assembly resolution 44/211 on the comprehensive triennial policy review and the corresponding report of the Director-General for Development and International Economic Co-operation (A/44/324).

48. His Government was prepared to support such promising UNDP activities as: improvement of the mechanism for integrating programmes with the economic development priorities of recipient countries; strengthening the UNDP monitoring and evaluation functions to improve the efficiency of project and programme implementation and their input into national economies; strengthening UNDP's co-ordinating role by, for example, broadening multisectoral programmes with the participation of specialized agencies; strengthening the mandate of UNDP Resident Co-ordinators as co-ordinators of all field representatives of the agencies of the United Nations system. Of particular importance in that regard was the growing tendency within UNDP to rely increasingly on the programme approach rather than the project-by-project approach. Such a process, if continued, should result in the more comprehensive development of aid recipients, as well as financial savings.

49. The positive experience of multilateral technical co-operation accumulated over the past 40 years, together with new, traditional or promising approaches, and the existing financial, production and management capabilities of UNDP, UNFPA and the specialized agencies, should be utilized to promote on a priority basis the all-round solution of complex economic and related environmental and population problems of the developing countries, and especially the least developed countries. Further relaxation of tension between the East and West, which was basically aimed at producing an integrated structure for the entire world community, should also fully reflect the interests of the developing countries.

50. Advocating the internationalization of approaches to development problems, his delegation believed that consideration should also be given to the debt problem. Given the diverse experience of the United Nations and its specialized agencies, it should be possible to embark on the formulation of general principles of debt management shaping the political framework for future substantive negotiations between creditors and debtors. Substantial financial resources, including resources for technical assistance, could be released as a result of the reduction of armaments and the conversion of military industries. The positive processes of détente and the settlement of regional conflicts held out the promise of a reduction in multi-million expenditure on arms and military forces in the third world.

51. An important element of the current session concerned the preparation of the fifth programming cycle. In view of the expected moderate rate of growth of voluntary contributions, the most efficient utilization of financial resources, including those in non-convertible currencies, assumed particular importance. His Government was prepared to co-operate with UNDP in the search for ways to use accumulated roubles for the purpose of meeting the technical assistance needs of the developing countries. His delegation also looked forward to examining new proposals by the Administrator.

52. Bearing in mind the need to resolve outstanding technical assistance problems on an integral basis, it seemed appropriate to give due support to the Administrator's proposal to increase the share of resources allocated to regional, interregional and global programmes, with a view to meeting the interests of all countries in a balanced manner. His delegation would not object to an increase in Special Programme Resources from $189.5 million in the fourth cycle to $300 million in the fifth. A growing number of countries seemed to recognize the importance of allocating those resources for

environmental control, development of social structures, technical and advisory assistance in the event of natural disasters and major industrial accidents, and promotion of the economic development of countries during the transitional period.

53. Without prejudging the results of the work done by the group of advisers on the support costs of specialized agencies, his delegation based its position on the desirability of maximum reimbursement by UNDP and UNFPA of the expenditure of specialized agencies on support costs related to their technical assistance activities. He endorsed the recommendation that support costs should be divided into two categories: general sectoral support of a technical nature from the general resources of UNDP; and operational and administrative support for project execution to be financed from counterpart funds by recipient countries. The advisability of retaining the former system of support cost compensation from UNDP common funds for small agencies in the United Nations system, which provided for 13 per cent compensation of the funds used, was evident. Nor did his delegation object to the use of individual support cost compensation schemes for each of the agencies concerned by establishing objective criteria as a basis for equitable partnership with UNDP.

54. Among the important initiatives within UNDP, the management development programme provided a means of disseminating management experience among a wide range of countries. In his delegation's view, the programme should not be seen as one of development management, which was the sovereign right of each country. Since UNDP activity in that direction could duplicate the work of DTCD, it was important to ensure clear inter-agency co-ordination. In general, the question of ensuring balanced and orderly relations between UNDP and the various United Nations bodies and specialized agencies was of critical importance in the light of the need to adapt activities to the interests of developing countries and bring the decision-making process closer to the standards of recipient countries.

55. His delegation believed that the active integration of the Soviet Union and other East European countries into the world economy would contribute to its balanced and sustained development. In that connection, the implementation of the concluding document of the Bonn Economic Forum was of special importance. Progress towards the establishment of a common European economic region which would be integrated into the world economy was in the interests of all countries, including the developing countries. It was not by chance that many developing countries were among the 42 founder members of the European Bank for Reconstruction and Development.

56. Within that process, which included a major transformation of the economic and financial infrastructure, the potential of Eastern Europe as a dynamic trading partner, a prospective market, and a source of financial resources and technologies would be strengthened. The realization of that potential would require intensive efforts by all concerned to develop modern forms of co-operation, including the organization and implementation of technical assistance. It was in that context that his delegation viewed the attention paid to Eastern Europe by the organizations in the United Nations family, including UNDP.

57. The transition to a regulated market economy which was taking place in the USSR would provide new opportunities for the participation of Soviet firms

in the implementation of technical assistance projects, particularly in the supply of equipment and technologies and in subcontracting activities. UNDP should give the necessary impetus to that process.

58. Mr. OUALI (Algeria) said that the Council was meeting at a time when the developing countries were encountering considerable difficulties and their dependence on foreign assistance was continuing to grow. Many developing countries were currently engaged in a process of structural reform that would not yield results until much later. More than ever before, UNDP development assistance must be stepped up in order to meet current challenges and inspire hope among the countries of the third world. The efforts made by UNDP, important though they had been, remained dramatically inadequate.

59. The Consensus of 1970 on the distribution of resources for development must continue to serve as a basis for the Council in its preparation of the fifth programming cycle. The main principles guiding the preparation of the previous cycles should likewise be retained. Any scenario that was based on zero growth in real terms ignored the commitments made by the international community in the relevant United Nations resolutions.

60. A substantial share of resources for the fifth cycle must continue to be allocated to the least developed countries. It was, however, unacceptable to play off the developing countries against each other during the debate on the allocation of resources; such an approach represented an attempt to avoid tackling development problems head on. Any increase in assistance to the least developed countries and to the low-income countries must not be to the detriment of other developing countries that had been regular beneficiaries of technical assistance in the past. Whereas the least developed countries deserved generous increases in resources, the middle-income countries must also be able to count on more resources to help their economy move forward. The basic principles underlying operational activities for development also implied complete respect for the "floor" concept, which had been enshrined in the Consensus of 1970 and reaffirmed in the four previous programming cycles. His delegation also attached great importance to maintaining universality.

61. Resource estimates entailed adopting appropriate adjustment mechanisms to counteract erratic exchange rate fluctuations that seriously eroded contributions made in certain currencies, thereby impairing programme efforts. Although widely regarded as an inadequate means of reflecting the real economic needs of the countries concerned, the basic criteria of GNP and population continued to prevail for the purpose of allocating resources. His delegation regretted the abandonment of the proposed international comparison initiated during the preparations for the fourth programming cycle with the aim of producing reliable yardsticks for estimating real GNP. His delegation reiterated its suggestion that, when calculating GNP, updated statistical and financial data should be taken into account in order to remedy the shortcomings of the basic criteria. Other criteria had long been adopted in order to remedy that situation, and any additional criterion introduced should be in line with that principle. The proposal to create a category of so-called heavily indebted countries which would replace the two traditional indicators of indebtedness adopted for the fourth cycle did not seem to be objective and might automatically exclude countries such as Algeria.

62. The current priorities of the United Nations system constituted the basis for the Administrator's proposal to devote a substantial amount to promoting

environmental protection activities, an objective which his country fully supported. Without underestimating the gravity of the many dangers to the environment, his delegation considered that explicit reference should be made to efforts to combat drought and desertification, which had been recognized as global environmental threats.

63. His Government had always attached considerable importance to the role of UNDP as the main element of multilateral support for the development efforts of the developing countries. The need for UNDP and the United Nations system to adjust to pressing development requirements fully justified the prevailing views expressed concerning UNDP's role in the 1990s. The views on the future role of UNDP should be included in a global approach that took account of the external factors of the current development crisis, methods for reviving the North-South dialogue and the establishment of the new international economic order. Although a re-examination of the role of UNDP was very necessary, his delegation considered that the programme did not need a new role as much as a role strengthened through the practical application of the principles contained in the 1970 Consensus and the 1975 New Dimensions. Nevertheless, certain aspects of the functioning of UNDP could be improved.

64. While fully supporting the Administrator's proposal that financing targets for the fifth cycle should be doubled and those for the sixth cycle tripled, his delegation wished to stress the need for thorough consideration of increased mobilization of resources by UNDP for financing technical co-operation. UNDP was a financing body that differed in nature, mandate and objectives from the Bretton Woods institutions. Its automomous character must therefore be retained, even though improved co-ordination between those financing bodies was necessary.

65. The relationship between UNDP and other multilateral financial institutions, in particular the World Bank, should be regarded as complementary but without conditionality. Because of the limited resources at the disposal of Resident Co-ordinators and the existence of a certain amount of competition between UNDP and the executing agencies, the role of co-ordinating technical co-operation activities had not been properly carried out. Perhaps more specific steps should be taken towards greater decentralization to UNDP's field offices, which should be staffed by sufficient highly qualified personnel.

66. While highlighting the special role of UNDP in providing recipient countries with effective support in the formulation of their programmes, his delegation considered that its primary mandate remained that of a central source of financing in the United Nations system for development co-operation activities, whose execution should be the responsibilty of the Governments of the countries concerned, in the first instance, and the executing agencies if countries so wished. In that context, UNDP would co-ordinate and evaluate the implementation of country programmes in close co-operation with the Governments of the recipient countries concerned.

67. It was to be hoped that future support costs arrangements would make it possible to improve substantially the working relationships between UNDP and the agencies, and hence improve their performance, particularly with regard to the quality of technical services provided.

68. UNDP and all the institutions in the United Nations system should give greater attention to the promotion and implementation of TCDC activities and projects. However, the developing countries themselves should be convinced of the undoubted value of that form of technical co-operation. Reaffirming the validity of the Buenos Aires Plan of Action, his delegation considered that human and financial resources more closely adapted to current needs should be allocated to TCDC.

69. Mr. TOMIC (Chile), referring to the Human Development Report, 1990, said that at its current session the Council was considering for submission to member States a conceptual framework relating to human development that was based on a new method of evaluation. His delegation welcomed that new framework, which it found stimulating, but disagreed with some of its criteria for evaluating the quality of life in developing countries. The report attempted to quantify development by incorporating real income figures, literacy and life expectancy, in order to create a single human development index. In accordance with that index, his own country's position appeared to be distorted and unrealistic. For example, according to that index, it would be the most developed country in the developing world and have an index much higher than that of all socialist countries, with the exception of the German Democratic Republic and Czechoslovakia. Consequently, a reader with no knowledge of Chile would inevitably conclude that it was a developed country. The figures given for Chile could be used as an argument for reducing the resources to be allocated to it in the fifth programming cycle. Although the case of Chile was the one which attracted the greatest attention, according to the report Latin America in general had the highest average development. That could lead to mistaken efforts to reduce the IFPs affecting the 340 million inhabitants of the continent.

70. His delegation stressed the importance of the 1970 Consensus which, through the principles of universality and unconditionality, constituted the cornerstone of UNDP action. In its view, a more detailed analysis should be made of Special Programme Resources in order to maintain at all costs the amounts of national IPFs in the next programming cycle. His delegation attached great importance to the national execution of projects. National execution was one of the most useful tools available and should be expanded in pursuing the targets set by national authorities. In that connection, each Government had the right to determine how and when it wished to use that modality, taking into account its national requirements and capacity. In that connection, he supported the views expressed in the Council concerning the specific role of specialized agencies at all phases of any given project. The relationship between UNDP and the specialized agencies should be redefined. He stressed the need to preserve the tripartite system of Governments, UNDP and specialized agencies and to strengthen the capacity of all those institutions to make a maximum contribution to the development process.

71. Mr. LACARTE-MURO (Uruguay) emphasized the particular importance that his country had always attached to UNDP activities. It was the universal nature of its work that had enabled the Programme to be present in all the countries of the world, and his delegation rejected any proposals that, directly or indirectly, might jeopardize that principle. Any decision to modify the basic principles of UNDP must be taken by the General Assembly, and not by the Governing Council. In that context, it was worth recalling the need for consensus when adopting decisions. As contributions were made in the form of donations, a voting system with weighted voting rights was inappropriate.

72. The discussions on the fifth programming cycle were taking place in a very unfavourable context for the developing countries in general and for the countries of Latin America and the Caribbean in particular. Although the world-wide trend towards democracy was a positive factor, no democracy in the developing countries could be regarded as stable as long as the conditions brought about by an unprecedented economic crisis persisted. In the 1980s, developing countries had been hard hit by macro-economic imbalances, the heavy burden of foreign debt, difficult access to markets for their exports owing to persistent protective measures in the industrialized countries, and the growing gap in scientific and technological knowledge. In order to meet those problems, the developing countries had been carrying out fundamental and structural adjustments, which could only be implemented at high social cost, especially for the most vulnerable segments of the population. Uruguay had been no exception to that state of affairs.

73. The fifth programming cycle must ensure an increase in resources in real terms in order to make an appreciable impact on development goals while avoiding those options that entailed reductions in the percentage and constant value of resources for certain categories of countries. The "floor principle" was of vital importance in that regard and must be maintained in its entirety. While priority must continue to be given to the most needy countries, a decrease in resources for middle-income countries would imply that UNDP did not attribute an important role to them. That would be detrimental to the principle of universality, the corner-stone of the United Nations system of operational activities. Any increase or decrease in comparison with the fourth cycle must be distributed among all developing countries in accordance with that principle.

74. The criteria of per capita GNP and population should be made more flexible for the purposes of the overall distribution of resources. Greater emphasis should be placed on such criteria as the foreign debt problem, the decline in earnings owing to difficulties in market access and the growing deterioration of social conditions as a result of the widespread economic crisis.

75. The proportion set in the fourth cycle for total IPF resources for intercountry programmes (19 per cent) was appropriate. With regard to the distribution of those resources, Uruguay preferred the order adopted during the first cycle: resources for regional programmes first, followed by interregional programmes and, lastly, global programmes.

76. Also on the question of supplementary criteria, ecological factors had not been adequately taken into account and the "social justice" factor should not be eliminated, because that would prejudice those countries which respected human rights and had efficient legal systems.

77. With regard to the allocation of Special Resources, that subject should be considered in the light of the results of the negotiations on other criteria, although in principle his delegation would view favourably an increase in resources for those programmes. Priority should be given to TCDC and to the management training programme.

78. Uruguay supported the inclusion in the special funds of funds for the programme of economic co-operation with Central America, for the initiative launched by a number of countries to establish special crop substitution

programmes in order to alleviate the drug problem, and for dealing with environmental questions and the elimination of extreme poverty. With regard to the proposal made by the Administrator, the resources for certain activities could be reduced, for example for internal co-ordination, the contingency fund and the human resources development report. Although the introduction of the "human dimension" in technical co-operation was a positive element, the report had unfortunately been based on the idea that the bulk of technical co-operation resources should be allocated to the relatively less developed countries, and it was on the basis of that assumption that the human development index had been devised. Furthermore, the indicators used to create that index were inadequate and did not reflect actual states of development and technical co-operation needs. Another element of the report that worried his delegation was that the indicators referred solely to the internal situation of a country without taking into account the external context. It would be advisable to revise the report so that it also took those variables duly into account. It would also seem appropriate to eliminate the conditions and categories currently employed so as to achieve more equitable geographical distribution with regard to the experts chosen for the preparation of the report.

79. The future of UNDP in the 1990s was an important question that his delegation would like to study in greater detail, and should be examined on another occasion. With regard to the implementation of General Assembly resolution 44/211, his Government wished to refer to the role the specialized agencies should play in technical co-operation. The tripartite relations between the agencies, Governments and UNDP had grown closer and co-operation more complex. The problem was not to rewrite the original roles of the three, but to co-ordinate current functions more efficiently, while respecting the specialization that had developed over time. Under a general tripartite relation, Governments must assume the guiding role of programming and implementation, while at the same time collaborating with UNDP and the agencies in both project financing and implementation. That obviously required a degree of flexibility in order to avoid applying identical systems to different situations.

80. As to administrative costs, the Council should take into account the gradual increase in the number of projects executed by Governments, the gradual reduction in the number of projects executed by the agencies, and lastly, the need for UNDP and the agencies, and not Governments, to propose implementation of the changes suggested.

81. Mr. NICULESCU (Romania) said that the relaxation of international tension and progress towards freedom and democracy in Europe and throughout the world would have encouraging effects on efforts to tackle development problems. In Romania, a revolution had taken place in December 1989, and the Romanian people had made a firm, irreversible commitment to the values of democracy, pluralism, human rights, a market-oriented economy and a foreign policy of openness. His Government welcomed the assistance extended to it by UNDP and would be grateful for any new support in its time of need. His delegation stood ready to join UNDP in its efforts further to improve its policies and operational methods.

82. His Government was pleased that, as noted in the Administrator's report, further progress had been made in 1989 in improving programme quality and

project implementation. It welcomed the 8 per cent increase in project expenditure compared with 1988 and the 5 per cent increase of contributions to UNDP and trust funds administered by UNDP for 1990 over the 1989 level. The trend was in the right direction, but the rate of increase was far from satisfactory. A predictable, steady increase in UNDP resources should become a major element of the funding strategy.

83. In the 1990s, UNDP should step up its efforts to share the knowledge, skills and technological research that most countries could not afford and to co-ordinate multidisciplinary work with other United Nations development bodies. The thirty-seventh session provided a good opportunity to formulate guidelines for sharing responsibilities in meeting the challenges of the future. The heavy burden of foreign debt, falling commodity prices, the consequences of the structural adjustment process, the reduction in public spending and the growing need for external sources of assistance were problems that were likely to continue for some time. As a developing country, Romania shared the fundamental concern of the third-world countries to find solutions to underdevelopment problems.

84. The countries of Central and Eastern Europe were undergoing radical reforms on the road to a market economy, and in that context his delegation welcomed the idea of setting up a special unit for those countries within the Regional Bureau for Arab States and Europe. UNDP must also increase its work in such priority fields as environment, human resource development and the application of modern technology to development. Environmentally sound development had become essential for all countries. In order to meet that need, additional resources and access to clean and non-waste technology had become essential.

85. The increasing awareness of the human dimension of development called for special emphasis on education, training, health, nutrition and housing. As pointed out in the conclusions of the Human Development Report, 1990, growth alone was no guarantee for human development. Priority attention should be given to fostering co-operation in the field of science and technology, a fundamental factor for economic growth and social progress.

86. With regard to operational methods, particular attention should be given to enhancing technical co-operation by improving cost effectiveness in the use of resources, promoting new forms of technical co-operation based on closer co-operation between development agencies and partner countries, and adopting multisectoral approaches to problems transcending national boundaries. His delegation supported the recommendation for action on strengthening TCDC and the increased share of TCDC in Special Programme Resources.

87. Those issues should be borne in mind when deciding on concerted action regarding the level of contributions for UNDP's core budget, the allocation of resources for the fifth programming cycle, and various programmes and projects for the new cycle. Decisions on national execution and successor arrangements for agency support costs must ensure greater self-reliance and improved technical assistance within the United Nations system.

88. If the projects under way in Romania were to be completed and new projects initiated, Romania's IPF for the fifth cycle should not decrease in

real terms. His Government was interested in such new fields as management, privatization, small industries, public services and personnel training. It would also like to benefit from the Special Reserve Programme. In view of the frequent earthquakes in Romania, special emergency assistance would be welcome in the field of seismology. His delegation would like the Office of the Resident Representative in Bucharest to be strengthened. His delegation was grateful to UNDP for its support in implementing the country programme for Romania.

The meeting rose at 1 p.m.

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Thirty-seventh session

SUMMARY RECORD OF THE 24th MEETING

Held at the Palais des Nations, Geneva,
on Thursday, 7 June 1990, at 3 p.m.

President:	Mr. HAMADZIRIPI	(Zimbabwe)
later:	Mr. MORALES CARBALLO	(Cuba)
later:	Mr. POPESCU	(Romania)

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High-level segment: policy review

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Any corrections to the records of the meetings of this session will be consolidated in a single corrigendum, to be issued shortly after the end of the session.

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The meeting was called to order at 3.05 p.m.

HIGH-LEVEL SEGMENT: POLICY REVIEW (agenda item 3) (continued)

1. Mr. ESSAAFI (United Nations Disaster Relief Co-ordinator) recalled the mandate of the Office of the United Nations Disaster Relief Co-ordinator (UNDRO) and said that he would centre his remarks on two points: the joint efforts that UNDRO and UNDP were undertaking to strengthen their co-operation and the proclamation of the International Decade for Natural Disaster Reduction.

2. Two factors determined co-operation between UNDRO and UNDP: (a) the fact that at the country level UNDRO was represented by the UNDP resident representative and (b) the close relationship between disasters and development. The UNDP resident representatives were clearly well suited to represent UNDRO, and in recent years both organizations had made considerable efforts to enhance co-operation between them, in particular by launching an ambitious training programme for their staff and by jointly producing a disaster management manual. Other competent bodies within the system were involved in those efforts, which were complemented by important measures at the country level.

3. While relief and assistance operations often received generous funding, the same was not true of the more thankless tasks of disaster prevention and mitigation, despite the fact that disasters often wiped out years of efforts and investments in development. According to a recent study by UNDRO on the economic impact of disasters between 1970 and 1989, average yearly losses over those 20 years amounted to more than 2.5 per cent of GNP in the 17 most disaster-prone countries, and more than 5 per cent of GNP in six of those countries, which was considerable. Disasters therefore had an important economic dimension and in disaster-prone countries, disaster mitigation should be considered as part of the development process and be included in development plans.

4. There were two basic facts to be borne in mind. Firstly, in the next 10 to 20 years, the frequency of disasters was likely to rise for a number of reasons: population growth, a greater concentration of people and economic assets in urban areas and along coastlines, climatic changes, including global warming, with as its likely consequence, a rise in the frequency of destructive tropical storms and a rise in the sea level, etc. Secondly, disaster mitigation was both possible and feasible. It was now possible to predict, with a reasonable degree of accuracy, most natural hazards, with the exception of earthquakes. A large array of policies and measures had also been developed to reduce the vulnerability of communities to hazards. Prevention was possible, and investment was both reasonable and well worth the cost, particularly in comparison with the extremely high cost of relief.

5. The main objective of the proclamation by the United Nations of an International Decade for Natural Disaster Reduction between 1990 and 2000 was to reduce loss of human life and property by disseminating information about disasters and how to prevent them, as well as by dispelling the widespread fatalistic attitude towards disasters. It was particularly important that UNDP should lend its support to that effort by according priority to prepardness, prevention, relief and reconstruction in its operational

activities as part of current and future country plans. One specific objective was to reduce the vulnerability to disasters of UNDP-financed projects, infrastructure and other activities. In view of the considerable cost of reconstruction work following a disaster, it was vital that prevention and mitigation measures should be included in policies relating to public infrastructure and housing.

6. More than 60 developing countries regularly suffered from disasters and it was important to take the necessary measures to reduce the vulnerability of those countries. In close co-operation with UNDP, UNDRO was currently assisting the Governments of about 15 countries in devising and implementing comprehensive disaster-mitigation strategies. However, that was still not enough, and the International Decade should provide an opportunity to cover a much larger number of countries. UNDP and UNDRO could work closely together to ensure in that field an appropriate transfer of technology to developing countries in the years to come.

7. Particular attention should be paid to the least developed countries, which were particularly vulnerable to all kinds of hazard, and the Second United Nations Conference on the Least Developed Countries, due to be held the following September, could provide an opportunity to organize a programme of specific activities in the context of the International Decade.

8. At a time when the Governing Council was addressing the issue of the fifth programming cycle and the allocation of resources for development, it appeared appropriate to advocate a systematic effort to integrate disaster mitigation measures into development activities. In that connection, he wished to draw attention to the great potential for complementarity between the activities of UNDP and those of UNDRO.

9. Mr. XIE Qimei (Under-Secretary-General, Department of Technical Co-operation for Development) said that over the past 18 months the tripartite system of technical co-operation had been the subject of extensive study and that against the backdrop of negotiations on the fifth programming cycle, the Council's decision on support costs and implementation of General Assembly resolution 44/211 would have far-reaching implications for the tripartite system as a whole. In addition to its considerable contribution to self-reliance among the developing countries, its total commitment to the principles of universality and neutrality distinguished multilateral technical co-operation from other sources of aid. However, that commitment would be of little consequence if it were not solidly backed by the technical experience and expertise provided over the years by United Nations institutions and agencies.

10. In view of the changes taking place in the world and in the needs of the developing countries, assistance by the United Nations system to those countries should be adjusted and improved, albeit gradually, on the basis of a reassertion of the 1970 Consensus, and the preservation of everything that constituted the unique character of the United Nations system as distinct from other sources of aid, such as the private sector. The Department of Technical Co-operation for Development was fully aware of the need for continuous review of its methods of work and of what it offered to developing countries, and it had constantly adapted to their changing needs. General Assembly resolution 44/211 placed greater emphasis on national execution and on a programme approach, which were already applied by the Department in all its

activities. Without going into detail on its activities, as a report would be submitted at a later date, he said that the Department had already taken serious steps to review its organizational structure and in particular to simplify procedures and promote the delegation of authority to the field.

11. The Department would continue to support national execution, by providing Governments with appropriate assistance. However, before the Council took a decision, certain questions would need to be clarified, in particular administrative aspects of national execution. For example, the suggestion that field offices should provide all the administrative and logistical support, as well as procurement and personnel services when a Government did not wish to implement a project directly, might not be entirely in the spirit of government execution, and the Department considered that resources available for technical co-operation should be used primarily to build up capacity within States. It was also questionable whether it was to the advantage of developing countries to cast aside all the operational experience of the agencies. If a country wished to execute a project itself, but did not have the full capacity to do so, funding and executing agencies were duty-bound to help; the Department's specialists in development administration could make a valuable contribution in areas such as accounting, budgeting or auditing. In the final analysis, only Governments could decide how national execution should be applied, at what pace and to what extent, and experience in the field showed that while Governments wanted the option of national execution, they did not want it to be the only option.

12. Support costs had not yet been quantified and it would not be appropriate to make any hasty decision on the subject. Whatever arrangement was ultimately adopted, the Department thought it should lead to improvements in quality, in order to limit the additional marginal costs, to increase efficiency, strengthen the multilateral system and safeguard the interests of the developing countries by facilitating access by them to the technical support available from United Nations agencies.

13. The view seemed to be held by some that agencies either did not want or could not have access to the full gamut of expertise available worldwide, that there was a lack of adequate competition in the current system and that new arrangements would give better access to technical expertise and introduce elements of competition. He pointed out, however, that the Department, like many other agencies, sought to obtain the best expertise globally available and that there was no source of expertise that it had not tapped, at one point or another. It operated in a competitive environment and elements of competition were built into its day-to-day operations. On the basis of its experience, the current system was sufficiently competitive and the proposal that institutions and private organizations should compete with one another was not satisfactory. However, if such a system were adopted, clearly understood rules of the game would be required to ensure fair, cost-effective and efficient competition, from which Governments would derive maximum benefit.

14. He stressed the fact that the adoption of the programme approach could represent only one element of an overall aid programme and that co-ordination was the responsibility of Governments. Technical co-operation programmes must be in keeping with national planning and priorities and must be formulated in consultation with Governments, with the participation of funding and executing agencies. The Department had been left out of many programming activities, a situation that was not desirable if a programme approach was adopted. In view

of its experience in that field, it would have no difficulty in providing programming and multidisciplinary support, as requested by the Council the previous year. The United Nations system could do much to create a sound and healthy environment favourable to the promotion of international co-operation. However, the task was too big for just one body to handle, and as the developing countries needed more technical co-operation support to encourage and reassure potential contributors, it was of vital importance that the United Nations system should be perceived as efficient and stable.

15. Mr. RASAPUTRAM (Sri Lanka) said that although Asia as a whole showed buoyancy, the situation of the low-income countries in the region was not expected to improve in the near future. In contrast, the developed countries were expected to perform better than in the 1980s, a fact which, on account of the current curtailment of military expenditure and the prospect of free markets, offered reasonable grounds to hope for a marked increase in assistance to the developing countries.

16. In addition to the main problems that beset the developing countries, such as the massive outward net transfer of resources, the debt burden and the fall in commodity prices, there were other problems such as drug abuse, AIDS and man-made or natural disasters. It was a matter of deep regret that the magnitude of the problem of poverty and the tragic situation faced by many developing countries had been neither fully understood nor recognized. It was not a kind of poverty that could be tackled by the trickle-down process of economic development and there was no mathematical model that could be applied uniformly to all countries. Any development programme that had to be supported by resources both internal and external had to promote maximum development in conjunction with social well-being. If there was not to be a world upheaval by the poor against a fortified enclave of privilege and affluence, there was an urgent need to go beyond conventional economics. Programmes should be targeted to benefit the poor directly and to increase their involvement at the grass-roots level.

17. Sri Lanka was one of those countries that had made a direct assault on poverty. The Government had designed and implemented a programme whose main objective was to develop a self-reliant population capable of becoming active partners in development by strengthening the role of individual initiative. Such a programme should be supported by human resources development and by institutions to promote social change.

18. UNDP programmes echoed the deep concern of the international community with environmental issues. Both developed and developing countries were determined to come together to prevent further environmental degradation. As the report of the Bruntland Commission had shown, poverty was the major cause of environmental degradation. The best means of protecting the environment was above all to tackle poverty, and to mobilize far greater resources against it than in the past. In that connection, he said that the threat to the tropical rain forest should not be the only rallying point for the developed countries to take meaningful steps towards the eradication of global poverty.

19. Whether the problem was poverty relief, environmental protection or human resources development, his delegation attached considerable importance to the United Nations Volunteers programme. No other programme was as effective in transferring technology to the rural poor, and he supported the programme's global expansion.

20. The current international economic situation, together with the relaxation in tension marked by détente, and the reduction of arms expenditure, should make it possible to release fresh resources to assist the developing countries. UNDP, with its multilateral character, its vast network of field offices and its diversity and wealth of skills was well placed to facilitate global and national action in that direction. It was able to promote an integrated approach to development, while respecting the sovereignty of States which should be able to determine their own needs and priorities. The demand for resources would increase in the 1990s for a variety of reasons that were well known, and it was vital to bear in mind the decision of the Council that Programmme activities should not decline in real terms. His delegation noted with concern that the increase in expenditure, set at $840 million for 1990, would not be possible because of the insufficient increase in voluntary contributions. Everyone was aware that the UNDP programme was complementary to bilateral programmes and that SPR programmes addressed global issues that were of concern to donors as well. His delegation supported the target of a 12 per cent growth in resources.

21. He appreciated the efforts made by the Administrator to streamline the organization and management of UNDP and supported the recommendations set out in the annex to document DP/1990/20. In addition, improving the quality of the programme and its delivery, and placing greater emphasis on programme support projects could help in confidence-building among donors. Greater cost-effectiveness could be achieved by improving project delivery and adopting more economical modalities. More competition between executing agencies could bring down costs. A State with proper mechanisms for financial accountability, and technical backstopping by special agencies could also cut costs considerably. Often money was spent on experts, rather than on training counterpart officials who would be able to take over project implementation. His delegation recommended greater use of local expertise. It felt that a theme-oriented approach could attract resources. However, it must not be forgotten that each country had its own development needs and priorities, hence the importance of country IPFs. In calculating IPFs, the basic criteria of population and per capita income, as well as the floor principle should be maintained to prevent a decrease in country programme activities in the fifth cycle. His delegation recommended that the weight given to the different supplementary criteria used during the fourth cycle should remain unchanged.

22. It also strongly recommended that any future arrangement for the payment of support costs should ultimately be based on national execution. Such a commitment required an evolution in the role of agencies into highly specialized entities for the supply of technical advice, equipment and consultants. National capacities should be strengthened. He wished to stress that the new arrangement should maintain the full accountability of the Administrator for the funds entrusted to him. He also recommended a reduction in administrative and support costs from their current level, and greater emphasis on technical support. Mandatory technical services should be provided free of charge and should include, if appropriate, the provision of sectoral advice. Administrative costs should be reduced by decentralizing decision-making and programme management.

23. Further cost reduction should be possible if country allocations were utilized in accordance with the priorities determined by the recipients themselves. Tripartite relations could be better advanced if the choice of executing agency were left in the hands of the country concerned, in consultation with UNDP.

24. Mr. FARHAT (Libyan Arab Jamahiriya) said that without peace, stability and confidence, it was impossible to achieve sustainable development. The Libyan Arab Jamahiriya had always asserted that it was essential to promote international co-operation in accordance with the principles and purposes of the Charter of the United Nations. He took the opportunity to pay a tribute to the Palestinian people that was struggling for its independence, and said that the wishes of the Palestinian people could not be ignored and its rights should be restored in full. His delegation reasserted its unswerving support for all those who were combating racism and colonialism to recover their rights, their land and control over their country's natural resources.

25. The instability of the international economic system and the deterioration, day by day, of the economic situation of the developing countries was a source of deep concern. The international economy, which it was no longer capable of keeping pace with the changes currently taking place needed to be changed radically. For that reason, at the most recent session of the special General Assembly, the United Nations had endeavoured to give a fresh impetus to co-operation for development. Consequently, realistic strategies needed to be developed, and the Second United Nations Conference on the Least Developed Countries, the eighth session of UNCTAD and the United Nations Conference on Environment and Development should focus their attention on that important issue.

26. In spite of all the efforts being made, the debt crisis continued to deepen and to weigh heavily on the developing countries. It was a fundamental problem that could only be solved by sustained international co-operation. His delegation acknowledged that environmental conservation was a collective responsibility, although it thought that it should be assumed mainly by the industrialized countries as they possessed the necessary technical capacity to do so. For its part, Libya was prepared to do its utmost to ensure a sound environment.

27. Although the United Nations system and many Governments provided considerable assistance to Africa, that continent's economic crisis continued and deepened for reasons beyond the control of African Governments. Libya had made a generous contribution to the assistance provided to the countries of Africa and of other continents and hoped that the international community would pursue its efforts on behalf of those countries.

28. Demographic growth was another major problem that the international community had to solve. Demographic forecasts were alarming and it was essential to adopt concerted and effective measures in that domain.

29. He thought that the arrangements proposed in the report of the Expert Group on agency support costs (DP/1990/9 and 11) could provide a basis for consultations leading to a consensus. His delegation suggested that a working group should be set up to study the various arrangements proposed by the Expert Group and to put forward recommendations to the Governing Council, and was prepared to participate in the group.

30. As far as preparations for the fifth programming cycle were concerned (DP/1990/8), he preferred to adopt the second alternative, i.e. an annual growth rate in voluntary contributions of 8 per cent for the fifth cycle. Special Programme Resources should be maintained at 3.5 per cent.

8. Referring to two specific issues concerning UNDP's mandate and activities, his delegation endorsed the United Nations Volunteers programme, which was a very cost-effective way of stimulating development while at the same time building popular support and awareness of United Nations programmes. In that connection, his delegation was pleased to inform the Council of the recent inauguration of an Australian Junior Professional Officer programme, which would complement the Australian Volunteers Abroad project. His delegation also endorsed the point made by the French delegation when it had called for special attention to be given to IPF allocations for the countries of first asylum for refugees.

9. Turning to the role of UNDP, his delegation believed that UNDP should continue to concentrate on fulfilling its mandate in the areas of co-ordinating, central financing and monitoring of United Nations operational activities. Co-ordination must include leadership, through the Resident Co-ordinators, in the common development effort of the United Nations system. As an example of such co-ordination and leadership, his delegation welcomed recent Round Tables convened in Geneva for Fiji, Western Samoa and the Cook Islands. The coincidence of the Round Table consultations with the fifth cycle allocation debate provided a further opportunity for emphasizing the special needs of those small island economies.

10. It followed from the emphasis on co-ordination that UNDP must exploit its comparative advantage of universality and neutrality. Its assistance could and should be better focused, with emphasis on the social sectors. Given the likelihood of a continuing scarcity of resources for UNDP, his delegation would support greater stress on choice of sectors and avoidance of proliferation of activities which could reduce the effectiveness of technical assistance. While UNDP's resources should continue to be made available to all developing countries, its grant assistance should be directed more towards regions of critical poverty. In that regard, his delegation considered that the Council should again endorse the graduation line drawn in the Council's landmark decision 85/16.

11. As to the various options for successor arrangements to the existing support cost relationship, his delegation shared the view that the "ultimate modality" for programme or project activity should be through national execution which must be the final objective of all technical co-operation. The speed with which UNDP could move towards that objective must, however, be geared to demonstrated capacities in each recipient country. The proposed mechanism that would allow institutions outside the United Nations system to participate where appropriate in development would, his delegation believed, be a beneficial refinement to the existing system.

12. In conclusion, he wished to make special mention of a series of recent contacts between UNDP and Australia which, he hoped, would build the image of UNDP in his country, where it was not yet widely recognized. Those contacts had included a visit to Australia by the Director of UNIFEM, who had launched the Australian UNIFEM Committee, and Australian participation in a joint consultative group on policy mission to several Asian countries.

13. Mr. SALAZAR-SANCISI (Observer for Ecuador) said that, on the threshold of the twenty-first century, the countries of Latin America and the Caribbean were hopeful that the current radical changes on the world political scene would be duplicated in the economic and social field. If, however, the trends

31. Furthermore, his delegation reasserted the need to define objective and scientific criteria that took into consideration the actual economic situation of countries (dependence on a single expendable resource, a slump in export earnings, a high rate of inflation, etc.) in order to take a carefully considered decision regarding net contributor status.

32. With regard to the special resources for the least developed countries, his delegation strongly supported any activities likely to contribute to those countries' development. It considered that the resources in question should be devoted to the most urgent activities.

33. Lastly, care should be exercised to ensure that the execution activities of the United Nations system corresponded to the development priorities of the countries concerned and complemented them. To that end, a more effective system should be set up to rationalize expenditure and make better use of the existing expertise, in particular national expertise. The tasks of the UNDP co-ordinators in the various countries should be more clearly defined, project implementation procedures streamlined and the participation of the developing countries in all activities organized by UNDP and the other international organizations assured.

34. Mr. FERGUSON (Guyana) recalled that the eighteenth special session of the General Assembly devoted to international economic co-operation had produced an important global consensus that augured well for international co-operation in the economic and social fields. It was to be hoped that in contrast to the 1980s, during the new decade all States would work together to create a better global environment in which developing countries, in particular, could at last attain sustainable development.

35. The developing countries had always welcomed the assistance provided by UNDP and the requests submitted to it straddled virtually every field of human endeavour. In recent years, the intervention of UNDP had helped many of them to stave off economic decline and recover lost ground where possible. Consequently, technical co-operation was an indispensable factor in the recovery efforts of developing countries. He was naturally disturbed by the proposals concerning the fifth cycle programming, in particular the proposal by the Swiss delegation that could thwart the desire of many countries to use technical co-operation. The Swiss proposal would marginalize the entire Latin American and Caribbean region, which currently received approximately 9 per cent of the resources allocated to country IPFs. If the Swiss proposal were accepted, that percentage would most likely decline to under 2 per cent. The proposal would also undermine the universal character of the Programme and invalidate the 1970 Consensus, upon which the bonds of trust and respect among donors, recipients and UNDP had been built.

36. Moreover, the proposal by the Swiss delegation would entail a reduction in the allocation to the regional component of the inter-country programme. In Latin America and the Caribbean, for example, high-level consultations had taken place within the framework of ECLAC and the Latin American Economic System (SELA) to co-ordinate the use of the region's resources. Within the Caribbean subregion represented by CARICOM, the Council of Ministers, discussed the regional programme which reflected the combined interests of member States. In addition, CARICOM's regional programme had been quite successful, as UNDP had itself verified. Consequently, it was hardly possible to adopt a proposal which would emasculate regional programming. His

delegation strongly believed that the discussions on the fifth programming cycle should be approached with a less radical proposal, i.e. one that did not violate the principle of universality. It would prefer the Governing Council to use as a basis for its negotiations the proposal put forward by the representative of Trinidad and Tobago at the special session of the Governing Council in February, on behalf of the Latin American and Caribbean region.

37. The rate at which resources should grow during the programming cycle was of considerable importance, and his delegation noted with satisfaction that the Administrator had anticipated a 5 per cent increase in contributions for 1990 over the previous year. However, such an increase was insufficient to satisfy the demands expected to be made on the Programme during the fifth cycle. His delegation believed that an effort should be made to achieve a growth rate of 8 per cent, since a lower one would amount to a reduction in the size of the Programme. Donor countries were experiencing an uninterupted period of economic expansion and moreover, the reduction in tension at the international level, including intensified disarmament, should make it possible to direct more resources to development activities. The expansion of UNDP's mandate necessitated a greater level of resources in real terms. He took the opportunity to inform the Council that Guyana had just launched, in conjunction with the Commonwealth, a Programme for Sustainable Tropical Forestry whose success would depend on the availability of the necessary financial and technical support.

38. His delegation considered that Special Programme Resources (SPRs) should focus on a small number of themes, as intended when they had been instituted. The useful role played by SPRs led his delegation to support a slight increase in the proportion of resources allocated to them.

39. With regard to various programmes due to be financed by SPRs, there appeared to be grounds for increasing allocations for natural disasters. There had been a rise in such occurrences in recent times and the need for timely intervention was crucial to limit the damage caused by them. In addition, his delegation favoured an allocation to Central America in view of the efforts made by the countries in that subregion to restore peace and stability to it. Although it had only been set up very recently, the Management Development Programme had received requests for support from at least 60 Governments. In view of that, there seemed to be no reason for the drastic reduction in the allocation to the programme under the SPR.

40. Another important issue before the Council was that of executing agency support costs. At that stage, he would merely enumerate the principles underlying his delegation's position on that matter. First, national execution should be the preferred modality of the future. The raison d'être for technical co-operation was the lack of capacity in recipient countries, and that capacity could not be acquired overnight. Interested Governments should be allowed sufficient flexibility to choose the appropriate modality of execution. Accordingly, the successor arrangement should maintain the existing tripartite arrangement. It should also be designed so that the combined assistance of the United Nations at both the programme and project levels was more efficient, without entailing increased costs for Governments.

18. His delegation had noted with great concern that resources for IPFs were declining. For a number of reasons IPFs must be increased. National programmes included an increasing percentage of projects lacking finance, so there was currently a great waste of human and financial resources. Regional programmes as well as those covered by Special Programme Resources usually encouraged exploratory and/or preparatory activities and ended by becoming national projects. The Latin American and Caribbean region had the highest project execution rate, which demonstrated its readiness to cope with execution. That fact must be translated into a concern to increase financial and technical co-operation. IPFs reflected concern for the priorities of the development plans of Governments. The reduction of appropriations was contrary to the 1970 Consensus and, in particular, to the principle of neutrality. IPFs had fallen to a level which ruled out any further cut-back.

19. The proportions of global, interregional and regional programmes, namely, 12.5 per cent, 8 per cent and 79.5 per cent, should be maintained. The main goal of the global and interregional programmes was the promotion and development of activities leading to solutions that could be adapted locally. The function of regional programmes was to promote regional integration and co-operation with a view to strengthening regional development. The problem of the concentration of programmes in regional economic headquarters would have to be overcome. Regional programmes should also be properly integrated with national programmes.

20. Special Programme Resources should remain at the percentage fixed in decision 85/16 and continue to meet the needs which had given rise to their establishment. In other words, they should serve as a source of new ideas and formulations, as pilot projects which, if they produced favourable results, would in the future be included by the Governments concerned within regional and national projects. His Government attached special importance to disaster relief programmes and to technical co-operation among developing countries (TCDC). It also supported the Special Plan of Economic Co-operation for Central America.

21. His delegation had serious misgivings about the use of the per capita income and population indices as the only two basic criteria for the allocation of resources. Consideration should be given to additional criteria, in particular the debt situation. With respect to supplementary criteria, account should be taken of additional factors such as the fall in the prices of export products, structural changes, income distribution, balance-of-payments deficit, and unemployment. Greater importance should be attached to the number and seriousness of the problems affecting a country's population than to the size of that population.

22. The issues of development and extreme poverty were indissolubly linked with problems of the environment. Consequently, any genuine progress presupposed an overall approach to those questions and their causes and consequences. His Government recognized the need to adopt environmental protection measures, without encroachment on the sacrosanct right of development. The deterioration of the environment had occurred essentially as a result of the activities of the developed countries, which should therefore bear responsibility, in proportion to the damage they had caused, for providing funds to reverse that suicidal trend.

41. Turning to the report on human development, he noted that appreciation of the dimension of the impact of human development on development was recent. Since countries were at different stages of development, human development did not have a common meaning for all countries. Consequently, it was essential to agree on what was to be measured so that a reliable and valid index could be constructed for better comparisons among countries. His delegation understood that the Governing Council did not intend to take a decision relating to the substance of the report, and concurred with that position. However, given the importance of the issue, the Council might wish to adopt a procedural decision that could provide a basis for further work. His delegation proposed that the Council should begin consultations and convene a series of seminars, perhaps at the regional level, to reach agreement as to which elements could make up a reliable and valid human development indicator.

42. Mr. Morales Carballo (Cuba) took the Chair.

43. Mr. DUNA (Observer for Turkey) congratulated UNDP on the efforts deployed during the fourth cycle to increase the efficiency of its technical co-operation activities, and urged it to continue in the future along the same path, maintaining its neutrality and universality, promoting self-reliance in the developing countries through activities that corresponded to their national development plans and priorities, and adjust the scope of those activities to take into account the profound socio-economic changes taking place in the countries of Eastern Europe.

44. Turning to the major trends in UNDP activities, he expressed his appreciation for the specific action undertaken on behalf of human development. However vital it might be, economic growth alone could not guarantee human development. Education constituted a critical element of human development and should consequently be made an integrated part of human development strategies. As the relevant report stressed, it was necessary to ensure that human development was the target of the efforts undertaken by countries to achieve development.

45. At all levels, the members of the international community recognized the important role that women played in the development process, and thus increased participation by women in economic, social, political and cultural activities was being sought. The Government of Turkey gave high priority to women's issues and in April 1990 it had set up a ministerial department to address the status and problems of women; Turkey thus had national machinery with sufficient power to promote activities oriented towards women in development.

46. Over-exploitation of natural resources, transboundary air pollution, chemical accidents and the movement of hazardous wastes threatened all countries. Environmental problems had acquired a global dimension requiring global approaches, which could be achieved only through international solidarity and co-operation. He supported the efforts made by UNDP to help Governments to acquire the technology and institutional capability necessary satisfactorily to manage and handle natural resources. He expressed the hope that UNDP, in conjunction with UNEP, would promote environmental consciousness in order to ensure that future generations lived in a prosperous natural environment.

47. With regard to project execution, doubt had been cast upon the technical competence of some specialized agencies and their access to the latest technology had been questioned. Nevertheless, Turkey would continue to call on them to execute certain projects that required highly specialized knowledge, although it undertook responsibility for co-ordinating all UNDP-financed projects in the country. Government or national execution called for a specially trained national project co-ordinator. The transition to that form of execution would impose an additional burden of work on UNDP field offices: consequently, UNDP Headquarters should reinforce the staff of its field offices and simplify the government execution system. Since the national bodies did not possess adequate expertise in all countries to ensure efficient execution, UNDP should strive to introduce government execution on a gradual and selective basis. Recourse to competition outside the United Nations should make it possible to benefit from the resources and expertise of the specialized agencies at lower cost. As the current arrangements for agency support costs would come to an end in 1991, there would then be an opportunity to review the issue and to take a definitive decision. In that connection, he recalled that General Assembly resolution 44/211 recommended that the regular programme activities of the agencies should be integrated into UNDP's field operations.

48. In view of the ever increasing technical co-operation requirements of developing countries, it was desirable to supplement traditional forms of assistance by the mutual assistance the developing countries were capable of providing to one another. The exchange of skills and technology through TCDC had been instrumental in helping some countries to acquire technology that corresponded to their actual needs. Consequently, UNDP should reinforce its Special Unit for TCDC in order to expand the range of that type of activity. For its part, Turkey had committed itself to 247 TCDC projects and supplied technical assistance to 160 of them.

49. The level of procurement in developing countries remained low, although UNDP executing agencies were striving to improve the situation. On account of its industrial capacity, Turkey, for example, was perfectly capable of increasing the participation of developing countries in procurement. He drew attention to the effectiveness of the TOKTEN programme which made use of consultants with a sound knowledge of their countries' realities, capacities and potential.

50. Regional and interregional programmes were an effective means of helping countries to exchange knowledge and skills and to share the results of research into problems which transcended national boundaries. UNDP should continue to build international networks for the exchange of information among countries participating in those programmes. Among the deficiencies of regional programmes, he mentioned the lack of sectoral co-ordination and advocated the need to adopt a programme approach rather than a project approach and to design regional projects in order to avoid duplication; moreover, regional issues should be taken into account when programming country IPF resources.

51. UNDP-supported projects in Turkey had made an essential contribution to helping the country to reinforce its institutional capacity, develop its human resources and adjust better to changes in the situation. By sharing costs, Turkey had been able to magnify the impact of the fairly modest resources allocated to it by UNDP. His Government was pleased to continue the close and fruitful co-operation it had enjoyed thus far into the fifth cycle.

28. During the preparations for the fourth programming cycle, there had been difficult negotiations before the Council had recognized the unique vulnerability of island developing countries. At that time, Malta had been able to secure a limited allocation of approximately $US 1.5 million for the current five-year programming cycle (1987-1991). In spite of that financial limitation, UNDP technical co-operation projects had made a valid contribution to Malta's development. In that connection, he mentioned some of the most significant UNDP projects in Malta during the current cycle.

29. It should be noted that the $1.5 million allocated to Malta had generated capital investment of much larger proportions in the infrastructural, social and productive fields. For example, the master plan for the development of telecommunications was expected to generate an investment of $US 240 million. Furthermore, his Government made sure that the wider regional dimension, and in some cases even the interregional context, were taken into account when embarking on new projects and programmes. The International Institute on Aging was a case in point. An evaluation of UNDP projects in Malta would show that it had the capability of integrating assistance into its economic and social systems and could absorb technical or financial assistance effectively and efficiently. It would also show that through its national efforts other countries, within its region and beyond, had benefited from the small but valuable assistance allocated to Malta through UNDP. The support UNDP provided to the International Institute on Aging underlined the goodwill of the Programme towards Malta. His Government had agreed to provide, out of its regular UNDP allocation, an amount of $US 100,000 to support the Institute's activities. Mention should also be made of Malta's participation in the UNDP Regional Programme for Europe. His Government played a leading role in a number of regional projects and had been designated as the lead centre with regard to the economic and financial aspects of telecommunciations within the framework of the regional project on European telecommunications development. The regional programme mirrored the endeavours of his Government to pursue its stated policy of encouraging the development of functional co-operative activities by Mediterranean countries. The number of UNDP regional projects with a Mediterranean dimension could be expanded, particularly in connection with UNDP's Euro-Arab Co-operation Programme.

30. It was clear that his Government had put to good use and expended wisely its small IPF. It was also clear that with additional financial and technical assistance, Malta could contribute more to its economic and social development and also undertake outreach activities on behalf of other developing countries, particularly those in the Mediterranean region. His Government was conscious of the importance of the cost-effective use of its limited resources and was also aware that technical co-operation could not continue to be a one-way transfer of technology. It had therefore been working assiduously to improve its capability of increasing such co-operation. It accordingly urged UNDP, the specialized agencies and other programmes to assist it in utilizing the absorptive capacities which Malta possessed for the benefit of other developing countries.

31. In response to the appeal by the Administrator for an increase in its contribution to the UNDP regular budget, Malta's contribution had grown by an average of 14 per cent a year, an exemplary effort given its dependence on external sources of wealth. It was therefore with some apprehension that his delegation noted the considerable reduction in his Government's IPF for the fifth programming cycle. It urged that the IPF allocated to Malta in the

52. Mr. SHALABY (Observer for Egypt) said that the recent changes on the international scene heralded a genuine détente between the super-Powers, which could lead to the solution of a number of problems that had been pending for too long. He expressed the hope that the rapprochement between the countries of Eastern and Western Europe would have beneficial repercussions on the North-South dialogue and that the structural changes, the strengthening of trade between the countries of Europe and the growth in the GNP of those countries that would ensue in the longer term would lead to a corresponding increase in the flow of resources from North to South. In the Near East, the Arab-Israeli conflict was a continuing obstacle to the development of the Arab countries. Since it was impossible to assure the economic development of the third world without previously guaranteeing peace, security and respect for the legitimate rights of peoples, Egypt had actively supported the initiative to establish a zone free from weapons of mass destruction in the Near East and would spare no effort until the rights of the Palestine people were recognized. Accordingly, Egypt supported the maintenance of assistance to the Palestinian people until it possessed its own State in Palestine.

53. At its current session, the Governing Council of UNDP was called upon to take stock of 40 years of technical assistance in the United Nations context. The developing countries were still confronted with a multitude of problems that hampered their progress and were linked to their acute balance-of-payments deficit, debt servicing, unemployment and inflation. In order to remedy that situation, UNDP should endeavour to establish a technical infrastructure in the developing countries capable of enabling them to catch up on their industrial lags and to step up the pace of their economic and social development. Specifically, it was necessary to mobilize and to make more effective use of local resources, but also to eliminate micro- and macro-economic imbalances, to increase economic incentives and to stem the brain drain. Strategies for the 1990s should be both ambitious and realistic and take into account the social dimension of development while promoting environmental conservation. The developed countries were responsible for collectively assuming their responsibility; they could do that by increasing their contributions to UNDP, by sharing the cost of programmes or by executing projects under United Nations auspices.

54. The Arab States were attempting to estabish a common market in the region that should lead to economic integration. On account of the manifold difficulties that arose, the projects hitherto undertaken had involved only countries with comparable structures. There were already a number of regional groups, in particular the Gulf Co-operation Council. As Cairo was to become the headquarters of the League of Arab States in 1990, Egypt would be called upon to play a more significant role in co-ordination between those two bodies. Economists, political scientists and sociologists from various Arab countries had met in Cairo in March 1989 to participate in a seminar on development in the 1990s.

55. The Regional Bureau for Arab States had made a major contribution to the region's rural and industrial development, the development of water resources and of technical co-operation between Arab and African countries. However, the resources allocated to the programme for Egypt were no longer sufficient to meet the cost of ongoing activities and new inputs were needed to complete them and to secure their future. Generally speaking, it would not be possible to free the peoples of Africa from poverty and illiteracy or to enable women to participate more actively in development unless the countries of the region were assigned more resources.

56. As far as the consolidation of national institutional resources in particular was concerned, Egypt had been active in advanced technology: it already had a national statistical centre, 50 per cent of whose staff were women. With the assistance of outside bodies and of Egyptian expatriate or local experts, it had set up a centre to support national project execution; the centre had already achieved very promising results that could be of use to other Arab and African countries. That experience simultaneously showed the importance of the selective assistance of specialized agencies in specific areas, the execution of projects by national bodies, and also the TOKTEN programme and technical co-operation among developing countries. In that connection he regretted that the conference on TCDC held in Cairo in July 1988 had not led to more dynamic projects; he invited countries to think about the desirability of establishing their own technical co-operation fund, as Egypt had done, and expressed the hope that the United Nations Volunteers, together with Egyptian experts, would be able to play a more active role once the programme had been reactivated.

57. Mr. PARK (Observer for the Republic of Korea) said that the Republic of Korea had availed itself of the technical co-operation activities organized by the agencies that had preceded UNDP, and that since 1966, when the Programme had been established, it had been both a partner and beneficiary of UNDP assistance. Assistance from UNDP had, moreover, been instrumental in the country's economic revival following the 1950-1953 war, as well as in its subsequent development. He congratulated UNDP on the assistance it had provided to the developing countries over the previous four decades.

58. On the threshold of the last decade of the millenium, the international community should redouble its efforts to achieve international peace and prosperity. The dismal forecasts for the global economy further emphasized the need to develop new modalities for co-operation based on a shared responsibility for finding durable solutions to the socio-economic problems of the developing countries. He was gratified to note that the recipient Governments, UNDP and the executing agencies constantly united their efforts to achieve that objective. He hoped that UNDP would further involve the executing agencies in national technical co-operation assessments and programmes, as well as in NGO- and government-executed programmes and projects. At the same time, greater use should be made of national resources in UNDP-funded projects and in particular, of locally recruited project personnel, as well as of services and equipment from developing countries.

59. Further, UNDP should strive for a more active and innovative role in transferring technology. The technology gap between North and South could be narrowed only with more active participation by the private sector in international co-operation. By pleading for its projects in the developing countries, UNDP could draw the attention of the private sector in the industrialized countries to the investment opportunities and create an input of funds to supplement its limited resources.

60. He endorsed the idea of focusing on the human element in order to foster integrated development. The Republic of Korea owed its economic development partly to its relatively high investment in education, the importance of which could not be over-emphasized. UNDP should help the developing countries to implement fully the recommendations of the World Conference on Education for All, held in Thailand in March 1990.

61. A substantial increase in voluntary contributions of over 9 per cent annually, corresponding to the average rate during the previous two decades, would be needed during the fifth programming cycle. On that condition the developing countries would be able to escape from the crisis of the 1980s and UNDP activities would not contract in real terms in comparison with the fourth cycle.

62. With regard to the determination of IPFs, and more particular the distribution between country and inter-country IPFs, the Republic of Korea endorsed the proposal by the Administrator to increase the share of inter-country resources to 20 per cent, with a major portion of the increase allocated to interregional and global programmes. Many development problems had currently acquired an inter-country dimension, inter alia, environmental degradation, the AIDS epidemic, drug abuse, water and sanitation.

63. It would be appropriate to review the current system for determining country IPFs, which the Council had established in decision 85/16, and which allocated 80 per cent of IPFs to countries whose per capita GNP was below $750 and 20 per cent to the others, so as to allocate more resources to the low-income countries, particularly the least-developed which should also benefit from increased supplementary points; four groups should be adopted and 70 per cent of IPFs distributed to countries whose per capita GNP was below $375, 15 per cent to those whose per capita GNP was between $375 and $750, 10 per cent to those whose per capita GNP was between $750 and $1,500 and the remaining 5 per cent to countries whose per capita GNP was over $1,500. Supplementary criteria should continue to be used and the floor principle to be applied, as UNDP played an extremely valuable role as a catalyst for the middle-income countries which needed to have the resources to enable them to move with greater assurance towards sustainable growth.

64. The Republic of Korea attached great importance to the mid-term review which made it possible to monitor the implementation of programmes and projects, to acquire knowledge systematically and to enable both UNDP and recipient countries to readjust programmes which were normally prepared five to seven years prior to the time of implementation. Following the mid-term review evaluation process carried out at the request of the Council (DP/1990/38/Add.1), he hoped that new guidelines would strengthen the review to enable programme planning to move in the right direction.

65. The Republic of Korea had always been aware of the importance of co-operation with other countries in development issues. In 1987 it had set up an economic development co-operation fund to provide soft loans for implementing projects in the developing countries, and it had also set up a co-operation fund with ESCAP and a special trust fund with UNIDO. In 1990, the Korea Youth Volunteers were to take part in the activities of the United Nations Volunteers programme and the Korean National UNESCO Commission was making arrangements to send its first Korean volunteers to developing countries by the end of the current year.

66. Mr. TALADRID SUAREZ (Cuba) considered it vital to draw attention to the fact that, when the Council began preparations for the fifth programming cycle, it should beware of departing from the principles of the 1970 Consensus; during the informal consultations held in May 1990 in New York, the Chairman of the Latin American and Caribbean Group had recalled that the 33 countries comprising the region considered the principles of universality,

neutrality and flexibility established in the Consensus continued to be essential. Those countries still attached the same importance to the floor principle, which should be maintained during the fifth cycle. His delegation unreservedly endorsed that position and consequently, would not support those proposals made by the Administrator for the fifth cycle which tended to depart from the 1970 Consensus.

67. With regard to the volume of resources required for the fifth cycle, his delegation nevertheless supported the proposed annual increase of at least 16 per cent, i.e., 10 per cent in real terms. The international community, and above all the major donor countries should spare no effort to ensure that such an increase was well and truly achieved. Moreover, the Administrator should submit to the members of the Council different scenarios reflecting different rates of growth in the volume of contributions; that would make it possible to ascertain the country and regional IPFs in each case.

68. As far as resource allocation was concerned, his delegation was in favour of the ratio adopted for the fourth cycle: 81 per cent of resources should be allocated to country IPFs and 19 per cent to regional, interregional and global IPFs. Eighty per cent of the resources available for country IPFs should be allocated to countries whose per capita GNP in 1988 had been $750 or less and the weighting should benefit low-income countries with a per capita GNP of $375 or less. With regard to the remaining 20 per cent, the weighting should benefit countries whose per capita GNP was between $751 and $1,500. Countries with a per capita GNP of less than $3,000 in 1988 and small island States with a population of less than 1 million and a per capita GNP of between $3,000 and $4,200 in 1988 should benefit during the fifth cycle from an increased IPF to ensure they received a level of resources not less than that allocated to them for the fourth cycle. All countries whose per capita GNP had been higher than $751 in 1988 should receive resources that were not lower than their fourth cycle IPF. Of the resources allocated to inter-country programmes, 79.5 per cent should be devoted to regional programmes, 8 per cent to the interregional programme and 12.5 per cent to the global programme.

69. The method used to determine each IPF should remain unchanged, i.e., 75 per cent in terms of the basic criteria and 25 per cent in terms of the supplementary criteria adopted for the fourth cycle, as that was the most convenient arrangement. The new proposals made by the Administrator would require very detailed consideration, whereas the Council was required to take an immediate decision on fifth cycle programming.

70. With regard to Special Programme Resources, which the Administrator wished to increase to $300 million, his delegation found that figure extremely high and had not yet decided upon its position as it felt that there were grounds for increasing the volume of resources earmarked for disaster mitigation, co-operation among developing countries, strengthening of management capacity and assistance to Palestine. Furthermore, it was appropriate that support should be continued for a further three years to the Special Plan of Economic Co-operation for Central America.

71. The Administrator recommended that the resources allocated to Special Industrial Services should be "frozen" at $15 million. His delegation considered that at least $25 million should be allocated to the SIS. However, as far as the sectoral support programme was concerned, his delegation

supported the Administrator's proposal. It also supported his recommendation that administrative and programme support costs should be maintained in real terms (i.e., a 6 per cent increase in line with the assumed rate of inflation) and that the operational reserve be reduced to 20 per cent of the estimated contributions or expenditure for the year, as the matter was reviewed yearly by the Council. With regard to the UNDP unit of account, his delegation agreed that for the time being the Administrator should not make use of special drawing rights or of a basket of currencies.

72. The Council should decide that if voluntary contributions increased or decreased in comparison with the objective, a proportional and uniform increase or reduction in all IPFs should be made, as appropriate, to the exclusion of any other consideration.

73. As far as the reimbursement of agency support costs was concerned, his delegation thought that the terms of General Assembly resolution 42/211 should be complied with, to the effect that Governments of the recipient countries should be entrusted with overall control for project and programme execution. However, as it was still too early to achieve that objective, a sufficiently flexible transitional calendar should be envisaged to allow countries to prepare to take on that responsibility, failing which, they would themselves wish to return to the system of agency execution.

74. He drew attention to the United Nations Volunteers programme whose dynamism and flexibility had been underscored by the Administrator in his report (DP/1990/57). The resources allocated to it should be increased, since the programme made full use of UNDP activities in the field. His delegation also supported the increase in funds for UNFPA and in that connection made an appeal to the donor countries, in particular the Governments of the developed countries.

75. Mr. M'MAITSI (Kenya) said that the current session of the Council marked a new decade and 40 years of technical co-operation. The time was thus ripe to take stock and to reflect on the future policy of UNDP. He recalled that at its forty-fourth session, the General Assembly had carried out a triennial policy review of the operational activities for development of the United Nations system, and resolution A/44/211, adopted by consensus following that review, provided the fundamental principles that should guide UNDP in identifying the directions it should take. He referred, in particular, to those concerning decentralization of authority and capacity of operational activities to the field country level, the promotion of national execution of projects and programmes, the redefinition of the role of executing agencies in technical co-operation activities and the change from a project to a programme approach.

76. The UNFPA reports submitted to the Council and the introductory statement by the Fund's Executive Director showed the importance that should be attached to demography in development activities. Kenya, which, in 1967 had been the first African country to implement a national family planning programme, was at last reaping the rewards. The mobilization of public opinion by national leaders and the adoption by Parliament of population policy guidelines followed by a genuine national population strategy were now paying off. The cultural values placed on fertility in Africa perhaps accounted for the slower pace of positive results, although the importance of those values might have

been exaggerated. Education, access to health facilities, the progress made in employment and consequently in income, had undoubtedly had a major impact. The investment and effort required in those spheres should therefore receive greater importance.

77. Technical co-operation among developing countries could also contribute much to the development of their potential and UNDP should not relax its efforts on behalf of TCDC. Moreover, Kenya supported the Administrators' proposals for greater emphasis on human resources development and also supported efforts to strengthen the role of women in development as well as the role of the non-governmental organizations.

78. The summary record of the second part of the meeting appears as document DP/1990/SR.24/Add.1.

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Thirty-seventh session

SUMMARY RECORD OF THE 25th MEETING

Held at the Palais des Nations, Geneva,
on Friday, 8 June 1990, at 10 a.m.

President: Mr. POPESCU (Romania)

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Programme implementation

(a) Annual report of the Administrator for 1989 (continued)

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The meeting was called to order at 10.05 a.m.

PROGRAMME IMPLEMENTATION (agenda item 4)

(a) ANNUAL REPORT OF THE ADMINISTRATOR FOR 1989 (DP/1990/17 and Add.1-6) (continued)

1. The PRESIDENT announced that the representatives of UNESCO, UNCTAD and Honduras had offered not to deliver their statements in view of the considerable number of speakers yet to be heard. Those statements would however be circulated for the information of delegations.

2. Mr. WALKER (Australia) congratulated the Administrator on his initiative in publishing the recently released Human Development Report, 1990. Even though it was still in a rudimentary stage, the human development index and the analysis and policy dialogue which had generated it, represented an attempt to return to the concept of people-centred development.

3. For some time past UNDP had been seeking to redefine its role and to reinvigorate its mandate as the central technical assistance co-ordinating authority within the United Nations system. The various proposals before the Governing Council offered a clear choice of either moving towards the position envisaged under General Assembly resolution 44/211 or retaining a system that, while it had made significant progress towards improving the welfare of vast numbers of people in developing countries, could do better.

4. His delegation strongly endorsed UNDP's thematic approach to development. Poverty alleviation must continue to be a major challenge. Where possible, UNDP must be active in encouraging recipient Governments to shape their development strategies in such a way as to alleviate basic poverty and to improve the welfare of their neediest citizens, the majority of whom were women.

5. Environmental challenges would become increasingly important in the 1990s. Sustainable development - the concept of meeting the needs of the present generation without jeopardizing future economic growth rates and improving levels of human development - must become a fundamental feature of UNDP planning; to that end his delegation would encourage UNDP to co-operate closely with other competent United Nations agencies.

6. His delegation welcomed the Management Development Programme and its emphasis on human resource development. Human development was of particular concern to the countries of the Pacific region, where well-recognized development problems, such as geographical isolation, scanty resources, and transport and communication difficulties, were compounded by the lack of skilled and experienced managers in both the public and private sectors. His delegation therefore urged UNDP to give high priority to the issue of human resource development and to recognize the need for special attention to the small island economies of the Pacific and Indian Oceans.

7. The full integration of women's issues was imperative for effective development. Gender awareness had become a fundamental aspect of Australian development aid planning and programming. Mainstream multilateral development activity still had far to go to ensure that the benefits of progress reached all members of the community.

which had characterized the development of those countries during recent decades continued unchanged, impoverishment would further increase, with unforeseeable social consequences. Ways must be found to attract major financing for priority projects in government plans and to transfer a substantial proportion of the resources currently devoted to foreign debt service to servicing the social debt, which could no longer be left unpaid. The negative impact of economic policy must no longer be offset at the expense of social policy. Social expenditures must reach the poorest sectors of the population in a cost-effective manner through the expanded use of the initiative and creativity of the people themselves. Such activities had often been frustrated in the past by bureaucratic and technocratic action. Adequate and sustained financing must also be ensured.

14. In the Latin American and Caribbean region, internal and external factors had combined in such a way that the current economic situation was equivalent to what it had been 15 years earlier, with the result that some 45 per cent of the population were currently impoverished. There were 204 million poor in the region and 80 million lacked adequate nutrition. That meant that in 1990 the total number of poor was 50 per cent greater than in 1960 and, what was of even greater concern, 25 per cent greater than only five years earlier. In terms of basic needs, it had been estimated that inhabitants of 40 per cent of homes fell short of the minimum calorie level; unemployment and underemployment affected 44 per cent of the total labour force, while 68 per cent of dwellings could be regarded as inadequate. Per capita income reflected a growing gap between those in the highest income brackets and those at the bottom of the scale.

15. The problem of extreme poverty was therefore of particular concern in Latin America and the Caribbean, as was reflected in the fact that one of the four targets of the third regional programme (1987-1991) was "Critical poverty, equity and employment", representing 18 per cent of the total programme. It was planned to continue giving priority attention to that problem in preparing for the next period (1992-1997). The overall situation had been further aggravated by the fact that, since 1982, the region had been a net exporter of capital. The magnitude of the problem was reflected in the fact that UNDP's contribution to the region during the previous year represented only 0.02 per cent of the region's external indebtedness, which was in excess of $420 billion.

16. At preparatory meetings in Brasilia and Caracas earlier in the year, the countries of the region had reiterated their support for the 1970 Consensus and, in particular, for the principle of universality, a significant increase in real resources for the Programme and the maintenance of the "floor principle".

17. Turning to the question of global resources, he pointed out that the United Nations system provided only about 7 per cent of total development assistance for the developing countries. A peace dividend consequent upon the relaxation of international tension should make it possible to make a start on remedying current injustices. It was essential that the developed countries should fulfil the obligation which they had freely accepted more than a decade earlier to devote at least 0.7 per cent of their national product to economic assistance to the developing countries. The Council must adopt decisions and practical measures to reinvigorate development activities. He appealed to members to increase their voluntary contributions to UNDP significantly.

23. Under decision 85/16, 80 per cent of resources were allocated to countries with a GNP of less than $750. For the purposes of calculation, the decision took account only of GNP and population as basic criteria. The decision also included as an additional criterion the classification of "least developed country". That decision, adopted by consensus in 1985, continued to constitute an appropriate framework for providing special and significant assistance to the least developed countries within the framework of UNDP. It was true that those countries required greater assistance. In order to help them, there were a whole series of arrangements and methods that were much more appropriate than those which involved taking resources from some developing countries and granting them to others.

24. His delegation considered that the United Nations Volunteers (UNV), which did important work, should be encouraged during the fifth programming cycle. Greater use must be made of properly trained technicians. It was therefore important that UNV should have adequate financial resources to carry out its task, particularly in the field.

25. With regard to support costs, his delegation firmly supported the execution of projects by the Governments of developing countries and hoped that appropriate measures would be taken during the current session of the Council. It was also important that the Council should express its views on the question of follow-up. The establishment of follow-up mechanism should include technical and political representation at the highest level, so that the parties involved would take the proper political decision. Clearly, that mechanism should be in conformity with the views expressed at the current session, as well as the time-limits and spirit of Assembly resolution 44/211.

26. Mr. EBEJER (Observer for Malta) said that the United Nations and its specialized agencies and programmes had played a vital role in creating the new political environment, with its reduced confrontation between East and West. In the past 12 months, the world had seen the United Nations mobilize its resources in the search for consensus-building approaches whereby the interests of all Members were being taken into account. However, there was yet to be a change in the economic and social environment. Sound economic assistance measures for developing countries must keep pace with the political shifts. That was perhaps where the United Nations and the agencies could strengthen their roles and help effectively to bridge the growing economic disparities between the developed and developing countries. UNDP and its executing agencies, with their vast experience and expertise, had a special role to play in the economic and social development of developing countries.

27. UNDP had been one of the first multilateral technical co-operation organizations with which his country had signed an agreement after its independence 25 years previously. Since then, the Programme had provided Malta with substantial technical assistance, which had made a significant contribution to its economic and social development. In accordance with decisions adopted at previous Council sessions, technical assistance allocations to recipient countries had been determined on the basis of a formula in which per capita income and population were primary factors. His Government had for years voiced its concern about those criteria, which hindered due recognition of the handicaps facing small island economies.

fourth cycle should be fully maintained. The floor, as currently established, should also be maintained for other small island developing countries like Malta.

32. His delegation supported the proposal to increase the funds available for Special Programme Resource (SPR) activities. For a country like Malta, the SPR programmes provided a good opportunity to develop areas of concern to it, areas which could be regarded as new initiatives at the national and global levels aimed at resolving specific problems such as the protection of the global environment, measures against trafficking in drugs, disaster relief and the involvement of the private sector. Human resources development should also continue to be a priority issue.

33. If the floor and ceiling principles were maintained, his delegation would support the proposal to increase the share of total inter-country programme resources for the fifth cycle. It would also support the proposal to retain the 80:20 ratio of resources for low-income and other countries. It believed that because of their unique difficulties, small island developing countries should be exempted from net contributor obligations.

34. His delegation was aware of the difficulties facing the Council, particularly with regard to the allocation of IPFs for the fifth cycle. The balance of interests achieved in determining IPF for the fourth cycle should be maintained so that the universal character of the Programme, which guaranteed predictability and continuity between cycles, could be fully preserved.

35. Mr. COLOMBI (Observer for Argentina) said that an analysis of economic indicators over the decade just ended revealed a gloomy picture. His country had recorded alarming negative GNP growth rates of minus 4 per cent per annum for the period between 1987 and 1989. The situation was also characterized by high rates of unemployment, infrastructural deterioration - particularly in health and education, a sharp drop in investment rates, limited access to international credit and rampant inflation.

36. Argentina's heavy external debt jeopardized the results of its international trade and produced a net transfer of resources outside the region; that affected his country's socio-economic growth and made it impossible to carry out an autonomous development programme without substantial international co-operation. The picture was not significantly different in the other countries of Latin America from the standpoint of participation in international trade, negative GNP growth rates and the transfer of resources outside the region.

37. His delegation recognized the important work done in producing the Human Development Report, 1990; however, much else remained to be done before the figures in the report could be said to reflect national realities. The indices based on statistics from previous years, with evaluation criteria that were not always homogeneous, distorted the facts. He drew attention to the contradictory situation of countries with medium and high indices which revealed a sharp inequality in the distribution of income and the presence of significant and growing areas of poverty. In the case of Argentina, for example, the report indicated a per capita GDP of $4,647, a figure calculated according to questionable criteria. Paradoxically, while the report classified Argentina as having a high development index, the country's young

professionals were emigrating in search of employment, higher incomes and a better quality of life, and growing sectors of the population were living in conditions of extreme poverty. Consequently, the report's indicators did not reflect actual socio-economic situations or the need for co-operation and should not be utilized as criteria for the allocation of co-operation resources.

38. Furthermore, an analysis of the distribution of UNDP resources indicated that when co-operation programmes for development began with the first cycle, the resources allocated to the region as country IPFs had represented 21 per cent of the total, while in the fourth cycle they amounted to only 9 per cent. The figures for regional IPFs had been 32 per cent for the first cycle and only 10 per cent for the period 1987-1991. Those percentages, provided officially by UNDP, demonstrated the dramatic fall in the share of Argentina and the region in the system of multilateral co-operation. In view of the difficult experiences of Latin American economies during the 1980s, he failed to see why it had been considered that the countries of the region did not need international co-operation.

39. His delegation recognized the requirements of the least developed countries and stressed the need to develop, through the multilateral co-operation systems, programmes which resolved the situation of those countries. However, it called for a re-examination of the situation of Latin America, whose development through the multilateral co-operation system was in serious danger of being jeopardized. The resources allocated for his region and his country must not be reduced.

40. His country had demonstrated that it was making optimum use of multilateral co-operation. With its low IPF, it was executing cautious programming and establishing priorities for the basic development of the nation. Its projects constituted sufficient proof of the Government's decision to execute a programme in accordance with the views of countries which saw development through the reform of the structures which had caused backwardness and poverty in Latin American countries. Of no less importance were the results of programmes aimed at increasing technological development and improving the productive capacity of the private sector. His country had made a commitment to carry out programmes concerning the environment, the situation of women and the alleviation of poverty, which in many areas of Argentina constituted a threat to the general well-being and political stability of the nation.

41. The national share of the cost of programmes approved in 1989 had been 76 per cent, which clearly showed Argentina's desire to be an active participant in the financial aspect of co-operation programmes, but it must not be forgotten that its efforts were limited by adverse economic circumstances and austerity policies. Programmes using special central financing resources were an additional and extremely important source for countries like Argentina, which intended to carry out responsible programming in accordance with the parameters agreed within UNDP.

42. His country was making a great effort, using its full potential, to overcome the inertia of the process which had engulfed it in its present relatively backward state. In those circumstances, today more than ever, Argentina and the Latin American region needed invigorating multilateral

co-operation. In that connection, the Council must devise innovative formulas in order to adapt the meagre resources available to countries' manifold needs.

43. Argentina was determined to carry out project programming, execution and evaluation within a framework of transparency which combined the highest degrees of efficiency necessary for development with the objectives of international co-operation.

44. Mr. FAN Guoxiang (China) said that although the developed countries had recorded sustained economic growth, many developing countries were still suffering from famine, poverty, unemployment, heavy debt burdens and environmental degradation. The gap between the North and South was widening. If the economic situation of the developing countries continued to deteriorate and negative capital flows were not reversed, the economic development and social stability of those countries would suffer and global economic prosperity would be more difficult to attain. Development required joint efforts by all countries to reform current unjust international economic relations, and establish a new international economic order based on equality and mutual benefits. It was to be hoped that the developed countries would increase their efforts to promote economic recovery in the developing countries.

45. Over the past four decades, UNDP had provided substantial technical assistance to developing countries and regions throughout the world, improving North-South relations and enhancing South-South co-operation in the process. The developing countries had welcomed the multilateral technical co-operation activities financed by UNDP and had appreciated its effective guidelines and policies. In the 1970 Consensus, a system was defined whereby the use of UNDP assistance was planned by the recipient countries according to their own development priorities. Experience had shown that approach to be in keeping with the needs of the developing countries, and it should therefore be continued.

46. UNDP's multilateral technical co-operation had also won widespread support because it was based on universality, neutrality, impartiality and voluntary contributions. Guided by those principles, each member State, regardless of its social system, ideology, size, religion or cultural tradition, could contribute to and benefit from multilateral technical co-operation activities on an equal footing in accordance with its financial capabilities and needs. Allocation of assistance was not influenced by political factors in the recipient country. The amount of funding was determined primarily on the basis of population and per capita GNP and other economic factors. Those criteria must be maintained.

47. Active fund-raising was one of UNDP's main tasks. In recent years, and despite improvements in the Programme's fund mobilization, the resource growth rate had not reached the target set by the Council. It was to be hoped that fifth-cycle resources would grow substantially, and his delegation appealed to the developed countries to help improve North-South relations by considerably increasing their contributions. The basic criteria of per capita GNP and population for resource allocation had proved in practice to be fair and reasonable and should continue to be used. It was important not to overlook the enormous development requirements and difficulties of countries with large populations, in particular those with a population of more than 100 million.

UNDP technical assistance must continue to emphasize meeting the needs of low-income developing countries and especially the least developed countries. It was therefore to be hoped that the IPFs for the least developed, land-locked and island countries and countries with a low IPF would increase in real terms. The recent developments in East-West economic relations must not adversely affect the interests of the developing countries or the assistance provided to them.

48. With regard to resource allocation ratios, UNDP's assistance must concentrate on country programmes. The method used in the fourth cycle could be taken as a frame of reference in determining specific ratios for the fifth cycle. Within intercountry programmes, both resource use and project selection should become more rational, and management of the intercountry programme should be improved to ensure that the recipient Governments had the authority to take decisions in defining programmes and projects.

49. The Administrator's request to raise the fifth cycle Special Programme Resources to 5 per cent from 3.5 per cent in the previous cycle was inadvisable. UNDP's resources must be used primarily for country programmes, and the Special Programme Resources would best be maintained at the level of the previous cycle. The flow of those resources should be more rationally directed, with an appropriate increase in allocations for disaster relief and TCDC, and the inclusion of environmental protection.

50. His Government welcomed the reform of agency support costs as a response to the needs of United Nations multilateral technical co-operation. The reform must aim above all to satisfy the changing multilateral and technical co-operation requirements of the developing countries, strengthen the self-reliance capabilities of recipient countries, improve the economic impact of UNDP-supported programmes and projects, continue to reflect the tripartite relationship among UNDP, recipient countries and specialized agencies, and make full use of their technical advantages. The various parties should conduct in-depth consultations before agreement on reform was reached.

51. The most important challenge of the 1990s was the revitalization of the economic growth and development of the developing countries. UNDP should continue to be guided by the 1970 Consensus and the 1975 resolution on the new dimensions in technical co-operation, respect the sovereignty of recipient countries and provide practical development assistance geared to the specific situation of each recipient country. It was to be hoped that UNDP would continue to strengthen its role in mobilizing and providing resources, steadily expand its core programme resources, further decentralize activities and simplify procedures, and improve the efficiency of programme implementation.

52. National execution enhanced the self-reliance capabilities of recipient countries and represented the direction of future development. As implementation capabilities varied, specific implementation procedures should be chosen by recipient-country Governments, in accordance with their own needs.

53. In order to meet the challenge of the 1990s, each country must decide upon a suitable development strategy and economic model in line with its own realities. No one had the right to criticize the development policy of other countries. After more than a decade of modernization, reform and increased contact with the outside world, China had changed dramatically. The political

and social situation was stable, and the national economy was developing well, thus laying a sound foundation for co-operation with UNDP. His Government stood ready to make its contribution to promoting international economic co-operation and development and the economic revitalization of the developing countries.

54. Mr. HANNAH (Observer for New Zealand) said the Administrator's remarks on the need for Governments to choose proper priorities in the use of their national budgets and the assistance they received had been most appropriate. The escalation in developing countries' military expenditure cited by the Administrator was very discouraging, as was the impact of the trade protectionism of the industrial countries, which, according to a 1988 World Bank report, had cost developing countries, in terms of national income, twice the amount they had received by way of aid. That picture had hardly changed since. A successful outcome for the Uruguay Round took on even greater urgency in that light.

55. Like the Netherlands and a number of other countries, New Zealand saw national execution as an integral part of national capacity-building, which was at the heart of UNDP's mission. The challenge facing the thirty-seventh session was to devise the means to ensure full transparency and accountability at the operational level. The Council should also provide a framework for the Administrator to undertake detailed negotiations on the complex issue of agency support costs.

56. The starting-point for negotiations on the fifth programming cycle should be the current methodology as embodied in the compromise decision 85/16. His delegation did, however, support moves to sharpen the focus of UNDP's programming on the poorest, the bulk of whom lived in Asia. In setting the basis for the fifth cycle, it was also important to consider the potential effectiveness of UNDP programming during the period and to take account of absorptive capacity, including the ability to benefit from technical co-operation. It was essential to build in flexibility so that UNDP would be able to respond to new and increasing needs that might emerge in the next few years, for example in Indo-China and southern Africa.

57. Fairness required that UNDP treat appropriately those countries facing special constraints on their development. The current supplementary criteria took some of those factors into consideration. His delegation referred in that context to the problems confronting island developing countries, especially those in the South Pacific, which suffered from their small size and remoteness, a lack of resources, diseconomies of scale and vulnerability to natural disasters. A gap existed between appearances and reality when the GNP of those countries or the aid they received per capita was used as a criterion. The Cook Islands, for example, with a population of 18,000 living on 12 islands scattered across 2 million square kilometres of the South Pacific, were seeking assistance in obtaining an inter-island transport vessel estimated to cost about $US 1.5 million. That worked out at more than $US 80 per person. Such a vessel unfortunately cost the same, regardless of whether a country had a population of 18,000 or 18 million. Nor would that expenditure represent consumption. The vessel was to provide a vital element of the country's infrastructure that would help underpin not only its economic viability and the access of its population to education and health services, but the very existence of the Cook Islands as an entity.

58. Despite those special needs, island developing countries in the South Pacific had fared rather modestly in the allocation of country IPFs. Their total country IPFs in the fourth cycle had been little more in nominal terms than the total they had received in the second cycle, which had begun more than 13 years previously. UNDP's efforts in the South Pacific were greatly appreciated, and the Programme's work was well integrated in the planning of South Pacific Governments. The floor principle was regarded by the countries in the region as one of the stabilizing factors in their development planning.

59. New Zealand supported the Administrator's proposal for an increase in Special Programme Resources (SPR) for the fifth cycle to $US 300 million. South Pacific countries valued the uses to which those resources were put. His delegation also welcomed the Administrator's proposal to maintain the level of the Pacific Multi-Island IPF at a minimum level of $US 2.93 million. That was an integral part of UNDP's programming in the region. The initial IPF had been fully programmed for activities mainly in the fields of environmental protection, women in development and the promotion of the private sector, and a number of promising projects were already under way.

60. His Government welcomed the increasing co-operation between New Zealand and UNDP in the area of co-financing. New Zealand was working on projects in Africa and China as well as in the South Pacific and looked forward to opportunities to expand that co-operation. His delegation was also pleased to record that New Zealand's Volunteer Service Abroad, which co-operated with the United Nations Volunteers programme, had in the past two years achieved its target of increasing the recruitment of UNV specialists and currently proposed to double that target.

61. His Government expressed appreciation for the Human Development Report, 1990. The human development indicator appeared to have the potential to make a major contribution to more effective development co-operation.

62. Mr. HRACHOVINA (Observer for Czechoslovakia) said that in its future activities UNDP must draw upon the principles set forth in the 1970 Consensus. Universality and neutrality had proved their worth, but the varying economic levels of countries constituted a factor that must not be disregarded. A new consensus must be reached between the advanced and the developing countries on the forms of future global action and co-operation on the basis of a new concept of sustainable development, one that took environmental considerations into account in economic and sectoral development policies. Sustainable development could only be attained through fundamental changes in human attitudes towards the environment and in patterns of behaviour and consumption, as well as the establishment of democratic institutions and processes.

63. In the 1990s his Government intended to continue supporting UNDP's efforts to improve technical co-operation by increasing the self-reliance of the developing countries. Increased attention was being paid to human resource development as the driving force of future economic and social development. With regard to follow-up to technical assistance rendered, it would be useful to progress from individual projects to the stage of linking responsibility for programme and project implementation with the upgrading of the ability of institutions in beneficiary countries gradually to assume responsibility for the execution of national projects.

64. The concepts of "economies in transition" and "net transfer of resources" should be added to the supplementary criteria when calculating IPFs, because such factors would have a considerable impact on development activities in many countries and could help produce a more objective picture of current economic conditions.

65. The UNDP Regional Programme for Europe was vital for enhancing the existing and emerging economic, social and managerial capabilities of the countries concerned. Such temporary assistance would support institution-building and personnel training, thereby increasing management transparency, and at a later stage it would help initiate a new means of transferring the experience gained by the Central and Eastern European countries during the transition period to developing countries through regional and other projects. To that end, in 1989 his country had contributed 10 million Czechoslovak koruny in voluntary contributions, 4.75 million of which had been for UNDP activities.

66. Czechoslovakia was currently undergoing a difficult conversion to a market-oriented economy. His Government had held intensive discussions with UNDP on possibilities for expanding the scope of co-operation with the Programme and had requested assistance in the fields of privatization, public administration, and the retraining of managers and experts in environmental protection, telecommunications, social policy and employment strategies. His country was not seeking to divert UNDP funds from the developing countries. On the contrary, the assistance it obtained under UNDP projects would be offset by the contributions it would make to UNDP funds either in cash or in kind within regional or interregional projects. Those were the conditions on which his Government had asked to be included among the IPF countries for the rest of the fourth programming cycle and the fifth cycle, and that situation would be terminated as soon as the country's economic situation stabilized. In view of the relatively high standard of national institutions and the expected benefits from other sources of assistance, the requested negative net contributor status would be of a strictly temporary nature.

67. The current expansion of co-operation with neighbouring and other European countries, which had not yet been adequately developed on a non-discriminatory basis or to the level warranted by their economic standing and geographical and cultural proximity, did not mean that his Government intended to diminish or halt its mutually advantageous relations with developing countries. On the contrary, once it had adjusted to the new situation and secured the requisite economic growth, there would be no obstacles to further co-operation with developing countries at an even higher level.

68. The allocation of additional resources to promote change in Central and Eastern European countries would increase their potential for working in a still more active manner to resolve the social and economic problems of the developing world.

69. Mr. GRAEWE (Observer for the German Democratic Republic) said that despite the enormous problems facing his country, it would not forget the needs of the developing countries. His Government was aware of its share of responsibility in finding solutions to the urgent problem of development and would give top priority to abolishing poverty and structural injustice.

70. His Government was in the process of redefining its development policy. The capital it intended to make available for economic co-operation was not financial in nature, but took the form of human resources and technical know-how. Co-operation would be free from ideological constraints. The transition from confrontation to co-operation in East-West relations offered an excellent opportunity for all countries to join forces in solving current development problems. Any development strategy must embrace a whole range of economic and financial relations with the country or countries concerned and must involve the population, NGOs and private initiatives. Development must further the cause of peace and security, and help forge a common sense of responsibility in North and South. The current unjust structural imbalances between the North and the South were the crux of the problem. Relations between unequal partners must not be based solely on market economy considerations, but must aim to help the economically weaker partner. In the long run, an unselfish attitude on the part of the economically stronger partner would be to the benefit of all.

71. He wished to confirm that the political and economic development process taking place in Europe, and particularly unification of the two German States, would have no adverse consequences for the countries of the third world. Reunification would result in the merging of the two Germanys' commitments to the third world. The fact that the Democratic Republic had been active in countries where the Federal Republic had had little or no involvement, and the ending of rivalries between the two, would have benefits for the third-world countries. Existing assistance programmes provided by the Democratic Republic would be continued, and if possible extended, one example being the assistance promised to Nicaragua.

72. His country's determination to contribute to intensified development co-operation also extended to the payment of voluntary contributions to UNDP. It considered that the imminent monetary union, which would result in its currency becoming freely convertible, would improve the efficiency of its performance in development co-operation, with regard to both unused contributions and future payments. His Government would promote the disarmament process, with a view to channelling the resources thereby released towards solving mankind's global problems and contributing to the development of the third world.

73. Its development policy would assign priority to fields in which it was capable of making a genuine contribution to countries welfare, such as training and education, health and agriculture, fields in which it had an abundance of experts, and of highly-motivated and well-trained young people who had formerly not been permitted to work in developing countries for political reasons. It was ready to become involved wherever it could contribute most efficiently to the strengthening of national capacity. It was also ready to devote all its energies to continuing to support multilateral development co-operation, conscious of the fact that the tasks ahead would involve higher contributions to UNDP and the commencement of contributions to the United Nations Population Fund, in view of the urgency of the population issue.

74. Mr. Han Chang ON (Observer for the Democratic People's Republic of Korea) said that the key to fostering national capacity was the provision of national technical personnel. It was thus right that UNDP should be orienting its efforts towards human development and national capacity-building in a sound

environment during the 1990s, with a view to helping developing countries secure self-reliant national economies. In that regard, his delegation attached importance to full implementation of General Assembly resolution 44/211, with its emphasis on decentralization to the country level and assistance to Governments in assuming full responsibility for implementation of programmes and projects. National execution had a key role to play in increasing the cost-effectiveness of UNDP resources as well as the management capacity of nations. The advantages of national execution had been confirmed by his country's 10 years' experience of co-operation with UNDP. Full introduction of national execution would permit more systematic implementation of technical co-operation at the programme level rather than a piecemeal project-by-project approach, to the overall economic and technical benefit of the nation. His country would significantly raise the proportion of nationally-executed projects in its country programme during the fifth cycle. In so doing, it would also tap potential areas of co-operation through fuller utilization of Transfer of Knowledge through Expatriate Nationals (TOKTEN) and Short-Term Advisory Services (STAS). It would also contribute to multilateral TCDC through active participation in United Nations Volunteers activities.

75. With regard to the criteria for allocation of country IPFs for the fifth cycle, his delegation favoured maintaining the floor principle, with population and per capita GNP as the basic criteria. Due consideration should also be given to environmental issues, since a sound environment was indispensable for maximum utilization of the limited resources available for fostering the national capacity of developing countries.

76. Mr. MBUNZ'-TE-NATE (Zaire) said there was reason to hope that the marked improvement in East-West relations would be paralleled by a strengthening of North-South relations. To achieve that aim, not only must the United Nations strive to establish a new, fairer international economic order, but each State must also work to achieve harmonious economic development taking account of the fairer distribution of income needed to improve its people's standard of living. At its forty-fourth session, the General Assembly had called for a more systematic approach to national capacities, for a direct onslaught on poverty, for more effective use of sectoral capacities by the United Nations system, and for a more unified response to Governments' analytical questions. The Executive Council of Zaire endorsed those concerns.

77. In the past, UNDP activities in Zaire had often been executed by international experts, without sufficient involvement of national personnel. More recently, greater use had been made of national capacities in the execution of projects financed jointly by UNDP and Zaire. That new trend reflected the objective of the Khartoum Declaration, which set out to place human resources at the centre of Africa's development efforts. However, the United Nations system as a whole was not allocating Zaire financial resources commensurate with its real development needs, having regard to its size and population. It was to be hoped that the situation would improve in future programming cycles.

78. The failure to make full use of UNDP funds allocated to projects in developing countries was not attributable to human incompetence, but rather to a lack of precise information on the part of beneficiaries about the mechanisms and operation of the various organs of the United Nations system, and about the use to which their funds could be put in the field. At

independence, the emergent African nations had been offered development models based on those of the Western countries, which had subsequently proved unsuited to their needs, capacities and structures. The developing countries believed that, with aid from the international organizations, it was not too late for them to rectify those initial mistakes, which were not entirely the fault of those who had accepted the models proposed. One example of such aid was the seminar on the formulation, evaluation and follow-up of projects held by UNDP in Kinshasa in September 1989, which had helped to improve the situation. His delegation hoped that UNDP and other United Nations organs would contribute to the organization of more training and seminars on implementation of co-operation programmes, with a view to associating recipient countries more closely with execution of the assistance provided to them.

79. With regard to the United Nations Population Fund (UNFPA), his delegation proposed the establishment of an operational aid mechanism in collaboration with other United Nations organs and NGOs, for the welfare of the population in general, and also for populations displaced as a result of development programmes or natural disasters. Population policy would thereby become one of the key elements in programming development and defining major social objectives.

80. With particular reference to the UNDP/Zaire co-operation programme, he reiterated his Government's commitment to ensure that the remainder of the programme was executed as envisaged at the preparation stage. A high-level group had been set up for that purpose, as recommended in the mid-term review.

81. During the next United Nations Development Decade, the strategy to be adopted should provide a frame of reference for multilateral co-operation, propose ways of correcting the negative trends of previous decades, and revive growth and development, particularly in the developing countries. In the light of the continuing severe imbalances between North and South, his delegation proposed the following specific measures in the field of economic management: first, intensification of action to secure lasting and equitable economic growth; secondly, a better awareness of the resources available for socio-economic development; and thirdly, an improvement of the macro-economic policy of the major industrial countries so as to reduce monetary instability, a matter of universal concern in an increasingly interdependent world.

82. With regard to agriculture and industry, his delegation proposed: improving the quality of technical training of national management staff; provision of advanced scientific material and equipment; involvement of communities in the preparation of projects at the grass-roots level, so as to secure lasting impact; participation in the form of grants by external partners in the promotion of industry and agro-industry, with preference given to the private sector for the creation of processing plants and small integrated production units; protection of the environment through reduction of soil erosion, deforestation and desertification; and lastly, agricultural and industrial growth targets of 4 and 5 per cent per annum for the 1990s, gradually rising to 7 to 8 per cent, with all other sectors increasing from 4 to 6 per cent, as envisaged by the Economic Commission for Africa.

83. In the field of transport and communications, steering plans for transport should be prepared. With regard to preparation and execution of projects, all programmes should be integrated in a management process involving the stages of planning, programming, management, follow-up and evaluation. Certain projects should be the subject of programme contracts in partnership with entities such as a region, a department, a health zone or an NGO, in which mutual objectives and commitments were specifically stipulated. The question of equipment should be borne in mind throughout execution of the project, as should the role of women and the family. His delegation trusted that its suggestions would be of value in the implementation of the fifth cycle.

84. Mr. AL-SAIEDI (Observer for the Republic of Yemen) said he was addressing the Council on behalf of the Government of a unified Yemen. Unification of the two Yemens represented a victory for the collective will of the Yemeni people, and a strengthening of democracy, freedom of opinion and openness towards the outside world; it also promoted stability and peace in the region, friendly co-operation and mutual interest, and respect for the rights of others, all of which principles had been embodied in the Constitution and laws of the fledgling State and would continue to guide it in all fields. Since its inception, the Yemeni State had adopted a mature, humanitarian approach in which objectives and priorities could be outlined, and had acted as a torch-bearer for the values of good and peace. One example of that approach was the study to be undertaken on halting arms contracts, with a view to channelling the resources thereby released into economic and social development.

85. Though faced with many problems of its own, his country attached great importance to global problems such as the environment and human rights, an interest reflected in its institutions and legal system. A partial and fragmented approach to those problems could provide short-term solutions, but could not avert what his country saw as impending catastrophe. Three approaches were indispensable if the most important sources of environmental imbalance, namely, the population explosion in the developing countries and their inability to safeguard the environment, were to be addressed before their effect became permanent and irreversible. First, cultural and educational standards in the developing countries must be raised. Secondly, living conditions must be improved. Thirdly, the role of women in economic life must be reaffirmed, and their economic and social rights safeguarded. Of course, effective economic and social development could not be achieved through the use of local resources alone. The role of the developed countries in supporting development in the developing countries, and especially the least developed countries, was thus crucial to protection of the environment and the ultimate survival of the planet. His delegation believed that the will existed among the developed countries; however, the problems must be seen in the right perspective.

86. Yemen favoured giving suitable weight to the criteria regarding institution-building and the development of human resources as supplementary criteria concerning the allocations of recipient countries in the fifth programming cycle. However, it was extremely important that the supplementary criteria should not be fixed in a uniform manner for all countries. Such a generalized approach would contradict the basic purpose of supplementary criteria: to ensure that decisions were taken regarding allocations to different countries on the basis of their actual needs. That contradiction

could clearly be seen in cases where a country's need was exceptional and non-recurrent, and thus did not qualify as a basic criterion. To cite just one example, in the context of reunification, Yemen had urgent need of wide-ranging support from UNDP in order to assist it in its efforts to achieve comprehensive institution-building and restructure its economy. It thus called on all countries participating in the Council to ensure, when it came to the stage of allocating Yemen's share of resources for the upcoming programming cycle, that its share should be greater than that previously allocated to the two Yemens.

87. Yemen supported the right of recipient countries to manage their own projects funded by UNDP resources, and the right of every country to direct implementation, or to choose its implementing and executing partners and determine the level and method of co-operation with the specialized agencies in the light of its own needs. It also supported the floor principle, which, in its own case, meant that the minimum allocation would at least equal the sum of the two former Yemens' allocations. He reiterated his delegation's hope that that minimum would be substantially exceeded in view of his country's exceptional needs and circumstances.

88. His country faced many of the problems and challenges confronting all countries of the developing world, and furthermore the two predecessor Yemens had been among the least developed countries in the world. In addition, the new republic shared many of the experiences of the countries of Eastern Europe and thus required similar assistance. However, it should be borne in mind that its technical and economic level was lower than that of those countries. Its need for support was thus greater, if it was to survive a critical transitional stage. Yemen had suffered more than most countries from the international economic situation, on account of its heavy reliance on remittances from Yemeni expatriates, which had diminished five-fold since the 1970s, imposing a heavy burden on the balance of payments. It was also unique among developing countries in having to shoulder the burdens associated with unification, which involved integration of two of the world's least developed countries.

The meeting rose at 12.55 p.m.